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# **Daily Report—**

## ***Supplement***

# **East Europe**

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# East Europe SUPPLEMENT

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**Interest in Economic Relations Among FRY Republics**  
*93BA1093B Belgrade POLITIKA in Serbo-Croatian*  
*20 May 93 p 7*

[Article by Radovan Lazarevic: "Why a Slovene Is Advertising Goods in Serbia"]

[Text] Branko Koderman, who owns an herb laboratory, is advertising his products—teas for various illnesses—on an entire page in the last issue of POLITIKIN OGLAS [POLITIKA CLASSIFIED]. There would be nothing, of course, unusual about that except for one detail: Koderman is a businessman from Domzale, that is, from Slovenia, which used to be part of Yugoslavia and is now independent.

It is not difficult to figure out why Koderman resorted to advertising space in the newspaper of another state: Slovenia's market is obviously too small for him. One would say he does not see the sanctions of the international community and current political antagonisms between Slovenia and the FRY [Federal Republic of Yugoslavia] as insurmountable obstacles.

One swallow does not make a spring, so, of course, this attempt by Koderman to penetrate the Serbian market in an entirely legal way could not be described as a reliable announcement of certain new economic winds on the space of the former Yugoslavia. But Koderman is not alone. Even in this time of war and under the conditions of the severest sanctions, goods, although much less than before, do nevertheless cross the borders of the former Yugoslav republics. For understandable reasons, we will not enumerate, but it is well known: There are Slovenian, Croatian, and Macedonian goods on the Yugoslav market, and Yugoslav goods on the markets of the republics that have seceded. This is only evidence that economic interest is stronger than both the administrative coercion of the world and our own current enmities.

**Businessmen More Farsighted Than Politicians**

It seems that even the hottest political heads on the territory of the former Yugoslavia are beginning to see that they are helpless before the force of economic logic. It is probably in that context that we should interpret the recent, albeit verbal, advocacy of normalization of relations with the FRY on the part of the president of the Republic of Croatia. Even Slovenian political officials have on several occasions pointed out the need to revive business ties, with the inevitable proviso: "Of course, after the sanctions are removed," although individuals have denied even this (Kucan), saying that Slovenia no longer needs the Serbian market. Finally, one gets the impression that even on the Yugoslav political scene you are no longer treated as a heretic if you call for renewal of economic ties with the republics that have seceded.

At this moment, from a certain distance in time, it can be said with a good measure of confidence that businessmen are more farsighted than politicians, at least those more extreme ones. If it were up to those latter, the former Yugoslav republics would be little islands absolutely isolated from one another till the end of time. Certain moves

by businessmen support the belief that they were never convinced of that epilogue at any point.

Perhaps the best evidence of their belief in a renewal of economic contact is the present status of their former business units in other republics. Although it took real skill to preserve that property, some were nevertheless successful. This is the model: The business unit in the other republic is organized as an independent firm, and usually a foreign firm of the parent enterprise figures as the founder and principal stockholder. For example, Kompas' former business office in Zagreb is operating today as an independent firm with the same name, but Kompas International in Frankfurt is the founder and principal stockholder, which also implies the actual owner. We are at liberty to believe that Kompas of Frankfurt is actually the thread that links the Belgrade firm of that name to the parent firm in Ljubljana.

**A Clever Organizational Device**

With this clever organizational trick, Kompas did not, of course, "discover America." Several Serbian firms and then Croatian firms, and indeed even Macedonian firms are trying in a similar way to preserve their property in the other republics. We are also convinced that the top people in all these firms have the same thing in mind: That after this Balkan chaos calms down, the time will inevitably come for renewal of economic relations on the former space of Yugoslavia. At that moment, business units that have been preserved in other republics become bridges in that new economic interpenetration.

Spasoje Spasojevic, responsible for foreign economic relations in the Economic Chamber of Yugoslavia, also points to the inevitability of reestablishment of business ties on the former space of Yugoslavia. According to him, the economy of the former Yugoslavia was not built as a unified organism just between 1918 and 1945, but over at least the last 200 years. It has been recorded that at least two centuries ago goods in this region traveled on steady routes (grain from Vojvodina to Bosnia and to the coast, for example). Communications links, language ties, and numerous other connections simply turn the economies of the Yugoslav peoples toward one another. After those ties were recently torn apart, it became clear how interwoven and interdependent they were, Spasojevic said. A high price is now being paid by everyone in this region for that violent act.

Spasojevic believes that economic ties on the space of the former Yugoslavia will soon be reestablished, even asserting that businessmen will be pioneers in the renewal of many other contacts that were severed by force. He sees evidence to support that belief in the fact that relations among people in the business establishment are those that were least poisoned.

Finally, it should also be said that the international community believes in the inevitability of the renewal of economic ties on the space of the former Yugoslavia. The recent news that the world is willing to "invest" \$3 billion in this territory, of which \$1 billion "would go" for the refugees, and \$2 billion to finance joint projects, is the best confirmation of that.

**Bosnian Serb Refugees Return Home**

*93BA1099B Belgrade POLITIKA in Serbo-Croatian 26 May 93 p 11*

[Article by Radovan Kovacevic: "War Migration: Beginning of Return of Bosnian Serbs"]

*[Text] It appears that the war is subsiding, so that some of the 750,000 refugees in Serbia are considering returning; what awaits them in the burned-out buildings and ruins; Derventa: Anyone who comes will have work.*

Six members of the Novakovic family have returned to Sijekovac and Gornja Barica, towns between Brod and Derventa. They say that they knew what awaited them: burned-out buildings and ruins, apocalyptic images of destruction, and sorrow. "But we could not stand being refugees any longer," says the oldest Novakovic, 76-year-old Mitar, explaining that his family is united in this way. Specifically, his son and daughter-in-law did not leave, while he and his wife looked after their grandchildren in Belgrade....

This is only one detail from the columns of war refugees that for a long time, last year and even at the beginning of this year, were moving only in one direction, toward Serbia. Proportional to the abatement of the armed conflict on the soil of the former Bosnia-Herzegovina, more and more people are returning. They normally explain their endeavors, which are frequently adventurous, as the distress of homeless people living in the cramped apartments of relatives or in rare shelters for displaced people.

"Serbia took us in when it was most urgent, but now we must lower this figure of 750,000 people who have been fed and protected for a year," says elderly engineer Stanoje Jovancevic, with his ticket for (formerly Bosnian) Novi Grad.

**"To Provide Shelter"**

What awaits these people, who rely on information from relatives, neighbors, and often newspapers? Before cleanup, burned-out sites must be inspected by teams of engineers, who remove leftover mines and unexploded ammunition. The returnees themselves are in a situation to improve sanitary conditions on the battlefields, because in the thickets and underbrush of the Sava basin, for example, there are still corpses left over from fighting eight months ago. There is also a lot of work for hygiene-epidemiological teams, because rural wells are unusable in a very large area stretching from Dubica, Odzak, and Modrica to above Doboj and Prnjavor, or more precisely, wherever there were Muslim and Croat troops. Things are a little better in the cities. Brod, for example, has water, and the electricity situation is similar, although with noticeable reductions.

Under such conditions, temporary housing is being built "to provide shelter." The demand for building materials is enormous, despite the high price, but it is not unusual for roof structures to be built out of half-charred beams—better material is not available! There are other

types of spectacles in this wartime theater of the absurd as well. More than 600 families from the Gostovici region, refugees from the Zavidovici area, will continue living in several towns at the mouth of the Bosna River where Muslims and Croats lived before the war. "If it had been mine, it would have been three times worse," the women weep in undamaged but thoroughly looted houses. Despite the promises in the Vance-Owen plan ("protection for people who have returned after they were forced to flee"), they will probably never see their towns on the Krivaja River again, because they have already been settled by Muslims....

**Flip Side of Tolerance, End of Illusions**

The authorities are encouraging the return of refugees. "Anyone who comes here will have work," says Lt. Col. Bosko Peulic, the commander of Derventa, adding that they "actually do not need an employment office."

The situation is similar in Brod, where industrial production is reviving, normal operation has been restored at the Health Center, there are around 1,000 pupils in the elementary schools, and secondary schools are up and running as well.

In Samac, as elsewhere, assessments of the needed care for the refugee and displaced population are reflected in figures, which in fact nowhere are less than 10,000 persons per opstina.

Enormous changes have already taken place in Modrica, an area that was 40 percent Serb, 29 percent Muslim, and 27 percent Croat. The tempest of war has transformed tolerance into intolerance and hatred, and the city is becoming a haven for an enormous number of refugees from Zenica, Travnik, Vitez, and Sarajevo. "I had a house in Simin Han, near Tuzla," says Petar Milic, a 76-year-old pensioner. "Here I have been allocated an apartment that I would gladly give up if I had anything to return to," he says.

At least for now, the demographic trends in the area of B-H under truce, as well as the entire genesis of the war, are interpreted in this region as the end of illusions about coexistence. The return of Bosnian Serbs who were "merrily ferried" across the Drina River are in some cases accelerated by the hope that they will never again have to live in refugee camps. They also hope that they will mitigate criticism in their native locales, where refugee status is often regarded as a shield for deserters.

"We need industrious people," they say in Ljubija, where the war did not bury the ambitions of the "biggest producer of iron ore in the Balkans." Specifically, more than half of the miners are at the front.

Those who return also offer proof that the Serb Republic [of Bosnia-Herzegovina] can survive. The politically charged slogan that can be heard from Bijeljina to Banja Luka seems to portend a campaign that could mean the end of the war.

BOSNIA-HERZEGOVINA

[Box, p 11]

**"Unseen Land"**

"The Croats will not return to the Derventa region," says Prof. Miladin Savovic.

He backs up this assertion with the increasing number of examples of Serbs from Osijek, Zupanja, Slavonski Brod, and other opstinas who are relinquishing their

homes and property to refugees from Croat towns in the Bosnian Sava basin. Then, with proper documentation, they travel to "unseen land" by way of Hungary and Yugoslavia.

Such an exchange is usually unfair, because as a rule it involves trading "intact property for destroyed property," but despite this it is still going on.

**\* Documents From BSDP National Conference**

93BA1014A Sofia SVOBODEN NAROD in Bulgarian  
6-12 May 93 pp 6-7

[Political resolution adopted by the Fifth BSDP National Conference, held in Sofia on 1 and 2 May 1993]

[Text] Bulgarian society needs a transition to a new stage in development of the democratic process. The current reform model has exhausted its potential and has become a brake on development.

Bulgaria is undergoing a difficult social, economic, and political crisis. The reform is skidding to a halt, and large groups of the Bulgarian people are suffering the consequences. The causes of the crisis are rooted both in the legacy of totalitarianism and in the destructive policy of Lukyanov's government and the failed actions of the governments of Popov and F. Dimitrov.

The interests of the country dictate the need for transition to a rational policy, one based on the principle of national understanding, reason, and responsibility.

**The BSDP Position**

The BSDP [Bulgarian Social Democratic Party] consistently defends constitutionalism and the democratic institutions established in the Republic of Bulgaria.

By their work toward the building of the Constitution and the legislation, the BSDP deputies in the Grand National Assembly have demonstrated this position of ours in action.

The BSDP advocates a policy of national understanding, of ethnic and religious tolerance, reason, and responsibility for national interests.

We will continue to cooperate with all responsible national forces that accept the principles of this policy and that work realistically for implementation of the policy.

The Conference approves the actions of the Executive Bureau of the BSDP National Committee, which include:

- Support of the two trade unions toward restoration of a three-party system;
- Support of the President, Dr. Zh. Zhelev, in his conflict with the extremist forces in the Bulgarian Socialist Party and the destructive elements in the Union of Democratic Forces, because of the President's moderate foreign and domestic policy;
- Support of the fundamental aims presented in the government program of Prof. L. Berov;
- The efforts to form a strong and authoritative centrist coalition which assumes responsibility for a sensible policy based on national understanding;

—The contacts and cooperation instituted with representatives of the Bulgarian National Agrarian Union, moderate organizations that have separated from the Union of Democratic Forces and the Movement for Rights and Freedoms;

—Establishment of the Bulgarian Social Democratic Alliance (BSDS) as a first step toward a strong social democratic organization in Bulgaria.

Our support for the government of Prof. L. Berov is not unconditional and does not connote unfailing agreement with every step taken by this government.

The main focus for us is that this government is striving toward social dialogue and is declaring its opposition to political extremists. The extent to which the government is successful in achieving these declared aims to protect the social interests of the people will determine the future attitude of the BSDP toward the government.

The BSDP considers the work of Parliament to be ineffective and condemns the policy of the Union of Democratic Forces and the extremist forces of the Bulgarian Socialist Party in it.

In view of the ineffectiveness of parliamentary action, elections ahead of schedule remain the only democratic option for emerging from the crisis.

The Bulgarian Social Democratic Party is guided in its policy of real system change by the principles embodied in the political platform which were adopted at the Thirty-Ninth Congress of the party.

We will defend the interests of dispossessed citizens; the socially weak, students, and retirees; hired laborers; small-scale and medium-scale property owners in town and countryside; the self-employed class; and the intelligentsia.

The foundation of the BSDP's economic policy is creation and development of individual and family capital. Practical implementation of the policy can be accomplished when this capital is associated with stock, bank, and cooperative capital.

We are for societally regulated privatization, actual restoration of the land to its owners, and a legislative and government program for return of agricultural production to a level corresponding to the needs of our national economy. The fate of Bulgaria depends on timely completion of the economic and agrarian reform.

The Bulgarian Social Democratic Party advocates creation of a strong and authoritative centrist political coalition that will lead the country out of the crisis.

The Fifth National Congress of the BSDP believes that the BSDP can, in keeping with the specific conditions in individual regions, conclude agreements when local elections of municipal leaders are held with all political forces, except the Bulgarian Socialist Party and nationalist and monarchist organizations.

In support of the United Nations resolutions and efforts toward stilling of the conflict in former Yugoslavia by political means, the BSDP advocates non-intervention in the internal affairs of sovereign nations and pursuit of a policy of neutrality by the Republic of Bulgaria.

The Bulgarian Social Democratic Party appeals to all democratic forces in and out of Parliament who support reason and dialogue to find ways and means of cooperating for the sake of the national interests of Bulgaria.

**Resolution of the Fifth National BSDP Conference**

On the basis of Article 33 of the Constitution of the BSDP, the national conference hereby resolves the following:

—Approval of the agreement signed on creation of the Bulgarian Social Democratic Alliance (BSDS) with Alternative Socialist Association Independents and the Evropa SDK;

—Commitment of the Executive Bureau of the National Committee of the BSDP to work toward affiliation of other social democratic organizations with the BSDP.

**Declaration of the Fifth National BSDP Conference**

The Bulgarian Social Democratic Party is against ethnic and religious opposition. And so we believe, in accordance with Articles 12 and 13 of the Constitution, that the use of religion for political purposes is inadmissible.

We reject all forms of religious fanaticism, because they lead to conflicts with tragic consequences, regardless of whether the fanaticism is that of various Christian sects not tolerated in other democratic countries or of Muslim fundamentalism.

We also believe any forcible change in national identity, including change by means of fabrications of Stalin, Titov, and Dimitrov-Macedonianism, to be a recurrence of communism.

**Proposal To Establish University in Knin**

*93BA1098A Belgrade BORBA in Serbo-Croatian 26 May 93 p 13*

[Article by Snezana Pokrajac Stamatovic: "Initiative To Found University in RSK [republic of Serbian Krajina]: Point in Battle for Statehood"]

[Text] *"It is still war, brothers. We are creating a state.... What good is studying?" This was the reaction of a Krajinan soldier to the report that a university is to be founded in Krajina. However, advocates of the idea and plan to found a "Nikola Tesla" center of higher learning in the republic of Serbian Krajina [RSK] in fact link the creation of statehood to the need for such an institution.*

The author of the plan to establish a Krajinan university, Col. Dr. Rade Tanjga, says that this idea is feasible and can be realized as early as this fall. We have learned that the RSK government has given the "green light," and the idea also has the support of "relevant political and cultural-educational elements in Serbia, or rather the FRY."

The idea itself is not new. It has existed for a long time, in the form of efforts to establish in Krajina departments or branches of colleges in Belgrade and Banja Luka, but the unresolved political status of Krajina, its lack of recognition, the wartime encirclement, and the uncertain outcome of political negotiations have aggravated the possibility of opening college branches.

"Naturally, in addition to its educational significance, the university will also have political significance. The republic of Serbian Krajina is a reality, and the 'Nikola Tesla' University will be one of the key elements in affirming our statehood. It will also be our message that neither we nor our children will move out of the republic of Serbian Krajina, that those who have left Krajina must return. As far as financing is concerned, there are plans to finance part of the administrative personnel and professors from the RSK budget, whereby they will be permanently employed, but with good reason we are also counting on capital from donations and interested parties, for which we already have offers," says Dr. Tanjga.

There are plans to open a Polytechnical Institute and a Department of Social Sciences in Knin in the fall, and then to expand the existing Pedagogic Academy in

Petrinja into a Department of Philosophy for training teachers for classroom instruction, while in Baranja a School of Agriculture would be opened in Beli Manastir.

Tanjga emphasizes the exceptionally large amount of interest shown by students from Krajina in studying at home, citing the figure that more than 3,000 students are studying in the FRY, while last year, for example, of the 187 students enrolled in Banja Luka 150 returned to Knin because they were unable to continue their studies due to financial difficulties.

Tanjga also noted that the more than 60 university professors living and working in the FRY who are originally from Krajina support this idea, expressing their willingness to join the system of so-called monthly block instruction for "minimum compensation."

One of the active participants in several meetings held thus far concerning the founding of the "Nikola Tesla" University, Prof. Dr. Mihailo Markovic, says this in a statement for BORBA:

*"I support this idea primarily for humane reasons and out of my belief in ethical and human values. I think that the idea is realistic. We need assistance here most of all within the framework of this cultural and educational assistance and human solidarity and assistance in educational personnel. Cultural and spiritual integration is necessary since political integration will be a long time coming," Professor Markovic told us, emphasizing that he himself is ready to give lectures at Krajinan colleges.*

At one of the initiative meetings, Prof. Dr. Smilja Avramov also supported the idea of founding a Krajinan university. Prof. Dr. Milan Miljevic from the Department of Political Science in Belgrade, a native of Krajina, also stresses the justness of this project.

All the people with whom we spoke agree that making this plan a reality is very complicated and complex, but is "certainly necessary and just."

Rade Tanjga is convinced that the matter is "completely settled," stressing in particular that the criterion will be "like at Belgrade University," in order to get production by quality personnel. He also emphasizes the fact that the Serbian Academy of Science has promised an initial book fund for the Krajinan university library.

\* Raudys Outlines Czech Army Concept  
*93CH0678B Prague A REPORT in Czech 18 May p 3*

[Article by Ladislav Lenk: "Journalists' Query About the Personal Interview"]

[Text] Do you know how many soldiers there are per square kilometer of the territory of the Czech Republic [CR]? If that question brings a smile to your face, you have reacted in exactly the same way as the journalists at the regular briefing at the MO [Ministry of Defense]. The CR Minister of Defense Antonin Baudys put just that question to them in order to document how carefully the most various indicators comparing us to other countries were considered in the creation of a concept for a new Czech Army. Information on the concept of the ACR [Army of the CR], which was discussed shortly beforehand in the State Defense Council, was also the main subject of that briefing. What did we find out?

The future Czech Army will have roughly 65,000 men, which is a status that should be achieved in the spring of 1995. Considering the fact that the current level is about 105,000 men, that will be a 40-percent reduction. The ACR will be a semiprofessional army, in which 32,000 career soldiers will serve, as compared with the current 43,000 professionals. The new concept reckons on a 12-month basic military service, with the possibility that there be consideration in the future of reducing that period, but to no less than eight or nine months.

The structure of the ACR will be based on the brigade system, within which there will be one rapid deployment brigade that will be given priority in training and weapons and will be compatible with the NATO units. The organizational structure of the ACR will be made up of the ground forces, the air force, and the AD [air defense forces].

From the standpoint of economic capabilities, for the next two years, the Czech Army will only be maintained at a given level; there probably will not occur any further development in it. That is due to the fact that, while the budget for the Army is continually declining, its internal expenses are, on the contrary, rising because of price increases. In that connection, Antonin Baudys explained what the thinking was in the recent request for an additional 10 billion korunas [Kc] for the Army, as expressed by the chief of the foreign relations directorate, J. Novotny. That is not in any way money for rearming, as a number of newspapermen interpreted it, but, rather, demonstrated the economic analysis of the Army's needs for the next few years. That analysis, even though it deals only with the alternative of just maintenance, clearly shows that, if the budget for the Army in future years is not increased to roughly Kc33 billion, there could be a significant drop in troop combat preparedness, and we could get to the point with equipment where a substantial portion of the vehicles are simply not operable. Even today, the resources to maintain them are lacking.

The ACR concept was also addressed by several questions from newspapermen. For example, Jan Gazdik, the former editor of OBRANA LIDU and now an employee of LIDOVE NOVINY, was interested in the method by which the reduction of career soldiers by 10,000 people would be carried out.

Baudys said that that is a relatively large problem. The project that was to resolve that question (it concerns an order by the minister of defense on improving the quality of the officer corps, about which we have already informed you and which we present elsewhere in this issue) is very complicated, and its planning has fallen somewhat behind because he does not want it to end up as a formality, and it is necessary to take heed of mistakes of the past. In that connection, the minister said that originally they planned to have representation of the civilian public, as well, in the group of people who will carry out the interviews. He himself addressed some organizations and asked for their assistance. It turned out, however, that that is not possible. "I found out that it is an almost impenetrable tangle because there are a number of institutions and organizations that would obviously like to get involved in that—the Union of Career Soldiers, the Free Legion, the Conference of Political Prisoners, KAN [Club of Nonaligned Activists], PTP [Brigade of Technical Assistants], the Union of Rehabilitated Persons, and others. I must say that, among those institutions and the people in them, there is a considerable level of malice; one of them tells tales about the other—that it is bad and why it is bad. I admit that that is something I do not like, even though there are a lot of well-qualified people there. It therefore did not seem like a wise decision to include them in the whole system. I am fully aware that the success and the results of those interviews will not be anywhere near 100 percent, but, if we achieve some 30 to 40 percent, it will be a significant advance," said Baudys.

The editor of MLADA FRONTA DNES, Ivan Jemlka, was interested in how such an hour-long interview could reveal the professional, moral, and physical criteria that the officers affected should meet.

The minister of defense replied to that: "I am faced with a very demanding problem. In the Federal Army, there did not exist anything remotely like what would be called personnel management everywhere in civilized society. Nothing like it. There only existed routine and stupid cadre work. And to go over from one system to another is a question of several years, perhaps five or 10. But we do not have that much time. If we are now building a new Army, it is, honestly said, perhaps the last opportunity we have to affect the entire command structure in some striking manner. Perhaps I forgot to say that it will actually be a combination of two methods. Partly it will be the interviews, and partly we are counting on the fact that, after 1 July, there will be a new chief of the General Staff. I submitted Colonel General Pezl's request to the president that he be released from the job at the end of June; you know that Gen. Pezl has done enormous work, but he is a person who is already quite old. We would

also like to have the man who will be the head of the military part of the Army devote full time to it and be able to do that for all of the years that will be required to build up that new Army. If such a person is selected, I would gladly give him my trust so that he himself could select his coworkers, or, more precisely, could nominate such people as he himself would have trust in, and, in his own way, he would then also be responsible for them. I do not feel that we should force our decisions on the chief of such an enormous team as to who should be his deputy or who should be the commander of this or that brigade...."

It can clearly be seen from the above that the minister of defense thus supported the view that personal interviews should not be rushed in any way, and, in addition to them, other personnel work consisting of the direct selection of people for positions will be carried out from the top down, so that they will then progressively select their new subordinates.

That covers the content of the regular briefing at the MO. Perhaps we should just add that, in the Czech Republic, there is three-quarters of a soldier per square kilometer, while, in Belgium, for example, it is 2.5 soldiers....

#### \* Minister Orders Evaluation of Army Professionals

*93CH0678C Prague A REPORT in Czech 18 May 93 pp 4-5*

[Text of "Order of the Minister of Defense of the Czech Republic for a Special Evaluation of Professional Soldiers in the Army of the Czech Republic"]

[Text]

#### Order of the Minister of Defense of the Czech Republic for a Special Evaluation of Professional Soldiers in the Army of the Czech Republic

The Czech National Council's Law No. 15/1993 of the Collection of Laws [Sb.] on the Army of the Czech Republic [ACR] and on changes and supplements to several related laws established the ACR on 1 January 1993. Its mission is to defend the freedom, independence, and territorial integrity of the CR. The establishment of the ACR in itself does not, however, ensure the fulfillment of the above task. The formation of a new, modern, numerically smaller, but functional Army is a process, in the course of which it is necessary to overcome several problems connected with the demise of the former Czechoslovak Army and, by gradual measures, ensure that it actually becomes such an Army.

Building the ACR demands first of all the building of the corps of commanders, made up of military professionals with a high level of mental and physical ability, who enjoy the trust not only of the military, but also of the civilian public. Information shows that not all of the professional soldiers, including commanders and chiefs at the individual command levels, have such qualities.

At the current time, when we are building the basis for a new Army, one that differs totally from the previous one in its mission, size, and organizational structure, but particularly in its style of work and the demands for the quality of its members, we cannot allow people to operate in it who, in their behavior, demonstrate an inability to rid themselves of the methods and work style applied by the past regime and who do not have the required military skill qualifications or who, because of their education and previous experience, are not usable in the new Army and do not carry out their assigned tasks effectively, or whose moral properties, discipline, or physical capabilities are not at the required level.

The prerequisites for service in the ACR are also lacking in those people who, in the past, within the authority of their positions or even outside the authority of their boundaries, were demonstrably the initiators of anti-democratic measures against other members of the Army or other persons, or who harmed those persons through the practical application of such measures.

Having such people serving in the ACR is the target of justifiable criticism by both the military and the civilian public and reduces the trustworthiness of the Army and many times is also cause for the departure of those people who, from the standpoint of their training, work results, and moral qualities and age, the Army needs.

It is therefore essential to evaluate, without delay and in the shortest time possible, each professional soldier in an exacting, objective, and fair manner in the sense of Paragraph 10e of Law No. 76/1959 Sb. on some service conditions of the soldiers and in keeping with the later regulations (further referred to here only as Law No. 76/1959 Sb.) and to determine whether they meet all of the requirements for service in the ACR.

I assign the following tasks in fulfillment of that goal:

a) For the commanders and chiefs at all levels—for your subordinates, ensure the performance of a special evaluation of all generals and officers who are career soldiers and soldiers accepted for further additional service, with the exception of those who in 1993 are completing studies in military schools, during course of which they were accepted for service conditions (hereafter referred to only as professional soldiers), according to the following schedule:

—By 31 May 1993, those holding positions directly subordinate to the minister of defense of the CR.

—By 25 June 1993, those holding positions in the Ministry of Defense and the General Staff of the ACR whose jobs fall under the assignment authority of the minister of defense of the CR.

—By 10 September 1993, professional soldiers who occupy positions at the Ministry of Defense and the General Staff of the ACR.

—By 10 December 1993, the remaining professional soldiers of the ACR, including professional soldiers

performing jobs abroad, in offices subordinate to the Ministry of Defense and the General Staff of the ACR and in state enterprises within the Ministry of Defense's domain, and professional soldiers attached to legal persons (to civilian agencies and organizations).

b) For the chief of the General Staff of the ACR and deputy minister of defense, the deputy minister of defense, and the commanders (and chiefs) directly subordinate to the minister of defense of the CR—ensure that the commanders (and chiefs) of the units (and facilities) under their subordination submit within 14 days after completion of the special evaluation at the pertinent unit (or facility) the information on specific conclusions of this evaluation through service procedures to the first deputy minister of defense, through the chief of the personnel directorate of the Ministry of Defense.

c) The first deputy minister of defense:

—By 30 September 1993, inform me of the conclusions of the special evaluation of members of the Ministry of Defense and the General Staff of the ACR.

—By 14 January 1994, submit to me for the entire ACR consolidated information on the results and conclusions of the special evaluation of professional soldiers.

I direct that the special evaluation of professional soldiers be carried out in accordance with the following principles:

1. In evaluations processed in written form:

a) Include all education completed, including college-level education (degree and field of study), and evaluate the possibilities for its application in the ACR. In evaluating the education achieved and its usefulness, there should be individual judgment in the sense of Appendix 1 to the NNGS [Directive of the Chief of the General Staff] No. 13/1992, besides the level and content of education and its utilization in practical professional activities. If the professional soldier under consideration is currently in a course of studies, include that fact and evaluate the contribution of those studies.

b) Evaluate the current course of military active service. On the basis of study of the personnel records of the person being evaluated, his own items of information and verified suggestions (or notices) on the person and what positions at what levels and for how long he has been assigned to, evaluate whether the ACR can make use of such experience. At the same time, evaluate the moral and factual impacts of previous service activities, as well as those outside service, of the person being evaluated on his subordinates and coworkers and the trustworthiness of the person being evaluated as derived from those factors.

c) By utilizing the criteria established by the RMO [Order of the Minister of Defense] No. 38/1991, evaluate

the qualifications for performance in the current position held, including moral fitness, integrity, character attributes, method of behavior, relationship to work, medical status, and age.

2. On the basis of the overall evaluation, clearly determine in the conclusion whether the professional soldier being evaluated has or does not have the prerequisites for service in the ACR from the standpoint of the education acquired, the current course of military active service, physical fitness, and the moral qualities.

3. If the person being evaluated has the prerequisites for service in the ACR, determine in the conclusion to the evaluation whether he is competent to hold his current position or if he has the prerequisites for the performance of some other office (at what level and in what area).

For professional soldiers who have met the conditions for a claim to a pension based on age, concurrently determine, with regard for the needs of the ACR, the specific personnel situation at the unit (or facility) concerned, and their physical fitness and medical status, the predicted time they will continue in their positions and in service conditions.

4. If the person being evaluated does not have the prerequisites for service in the ACR, the conclusion of the special evaluation will be a stimulus for working up a proposal for his release from service conditions in accordance with the provisions of Paragraph 26, Section 1, letter c) of Law No. 76/1959 Sb.

For professional soldiers who have the prerequisites for service in the ACR but are rated as unfit for the performance of the duties to which they are currently assigned in the sense of Article 3, Section 2 of Appendix 1 to RMO No. 38/1991, the conclusion of the special evaluation will be a stimulus for working up a proposal for their placement in a lower level position in accordance with the provisions of Paragraph 10, Section 6, letter c) of Law No. 76/1959.

5. The special evaluation will be conducted by a three-member commission. In putting it together, which comes under the decision of the commander (or chief) in whose assignment authority the position of the professional soldier being evaluated falls, it is necessary to maintain the principle that its head and members can only be someone who has already been evaluated and, according to the conclusions of the evaluation, is fit to perform the duties of the position to which he is assigned or a higher position.

6. The head of the commission is usually the commander (or chief) who holds the assignment authority for the position of the professional soldier being evaluated. That does not exclude the possibility that it can be someone who has been, according to the conclusions of the evaluation, designated for that position, especially when that position is not filled or if it is a position in a newly organized unit (or facility) structure or if the appropriate

superior commander (or chief) with the assignment authority decides in that manner.

7. A commission member is always the immediate superior of the professional soldier being evaluated, who prepares a proposal for the evaluation, including its conclusion. The third member of the commission is decided upon by its head from among the other superiors of the professional soldier being evaluated (from his own deputies, branch chiefs, members of the unit staff, and so forth). He can also designate as a member of the commission members of another unit subordinate to him, other than the unit of the person being evaluated, who perform duties at the same level as the person being evaluated.

8. If the head of the commission is simultaneously the immediate superior of the professional soldier being evaluated, he designates two other members of the commission from among the officials included in the previous article.

9. The special evaluation of professional soldiers who are performing duties within the assignment authority of the president of the Republic and the minister of defense of the CR is performed by a commission headed by the first deputy minister of defense, and its members are the immediate superior of the professional soldier being evaluated and another official who is designated by the first deputy minister of defense.

10. The commission carries out an interview with the professional soldier being evaluated in which it informs him of the content and conclusions of the evaluation and gives him the opportunity to express himself regarding them. If the commission comes to the conclusion that the objections of the person being evaluated are substantiated and justified, it modifies the evaluation. The professional soldier being evaluated confirms by his signature in the records on the evaluation that he was made aware of the evaluation to its full extent.

Before an interview with professional soldiers who perform duties within the assignment authority of the president of the Republic and the minister of defense of the CR, the head of the commission that will carry out the special evaluation submits the evaluation for approval to the minister of defense of the CR.

11. Appeals against the special evaluation are decided in the sense of Paragraph 10e of Law No. 76/1959 Sb. by the immediate superior of the head of the commission.

In the records of the evaluation, which all members of the commission must sign and include their positions, it must be explicitly stated whether or not the evaluation was appealed. The conclusions of the evaluation and the appropriate personnel measures can be implemented no sooner than 10 days after informing the professional soldier being evaluated of the evaluation. If the professional soldier being evaluated appeals the evaluation,

such actions can be taken only after a decision by the appropriate commander (or chief) who is authorized to make it.

12. If the professional soldier who is supposed to be evaluated in accordance with this order has been performing his current duties for less than six months, the commission will also consider his last evaluation in making an evaluation of his current performance (per Article 1, letter c of this order).

13. Professional soldiers who have already had orders issued for their release from service conditions in personnel matters for whom an evaluation was processed before their release from service conditions or who in the period before the special evaluation request their release from service conditions in accordance with Paragraph 26, Section 2, of Law No. 76/1959 Sb. or who are being released for one of the reasons in Paragraph 26, Section 1, of Law No. 76/1959 Sb. will not be evaluated in accordance with this order.

14. In implementing the organizational changes in the ACR in 1994 and 1995 and the personnel changes resulting from them, one can proceed from the conclusions of the special evaluation if there are no reasons that arise to change them. If the conclusions of the special evaluation cannot be utilized, an evaluation will be processed in the sense of RMO No. 38/1991.

15. In special evaluations of professional soldiers assigned to legal persons (to civil agencies and organizations), the proceedings will occur in a similar fashion in accordance with the principles established by this order.

16. Appendix 1 to RMO No. 38/1991 will be utilized for the purposes of the special evaluation to the extent that it is not modified by this order.

Voiding the order of the minister of defense and the internal regulation

On the day that this order takes effect, I abrogate the validity of

—RMO No. 2 of 15 January 1993 and

—the internal regulation on The Extent of the Assignment Authority of the Commanders and Chief of the CSLA [Czechoslovak People's Army] for the Defense Readiness of the State (Cj. 003091-13-1972).

This order takes effect on 17 May 1993.

\* Baudys Explains Officer Evaluation Purpose  
93CH0678D Prague A REPORT in Czech 18 May 93  
p 5

[Article by -sta-: "The Best Trained Will Have Preference"]

[Text] We should note right at the beginning that there was great interest on the part of the foreign diplomats and journalists in the meeting with the Minister of

Defense of the Czech Republic, Antonin Baudys, at his May press conference. It is no wonder, inasmuch as it dealt with one of the basic orders that has lately seen the light of day in the defense department.

Besides the minister of defense, the chief of the personnel directorate, Eng. Frantisek Greiner, also answered the journalists' questions.

#### With Whom and About What

There are today about 38,000 professional soldiers serving in the Czech Army. Of that number, approximately 10,000 soldiers belong to the warrant officer corps. Because that category of people is not affected by the coming special evaluation, there will be 28,000 generals and officer ranks going through the process.

According to Minister Baudys, one cannot identify the process in even the slightest way with the goals and mission of the so-called screening after 1968 or the certification interviews the officers went through after 1989. This, as was stated at the press conference, is being done to acquire a totally specific and true idea of the quality of all of the officers and generals serving in the Czech Army. Only the most professional people should remain in the defense department, particularly young officers with good prospects for the future. It was unambiguously stated that, in the future Czech Army, there is no room for those who in any way took part in anti-democratic actions in the past—that is, participation, for example, in the active preparations for Operations Norbert and Commitment, and such or active membership in the screening commissions after 1968. There will also be no room for those who in their duties demonstrably violated human rights.

The evaluation looks into the overall profile of a specific person—for example, into his professional training, physical abilities, and moral fitness. Besides other things, there will be an evaluation of the education achieved and the possibilities for further application of it in the Army, his entire previous service record, and the usability of his knowledge and abilities in the ACR [Army of the Czech Republic], as well as the quality of his work in the positions he has held to date. It is very important to consider the fact that the conclusion of the three-member commission is not a decision for personnel action. The final verdict of the commission must be considered as a serious and important signal for further personnel work, however.

#### Who Remains

The future ACR will contain about 32,000 professional soldiers. That means that we have roughly 8,000 to 10,000 people too many. As was emphasized at the press conference, many offices will leave the Army's ranks simply and solely for reasons of reductions in numbers, and one cannot connect them with those who are leaving for other reasons. On the basis of the evaluation, one must consider only a proper and objective judgment of the person. In no case should the need to reduce the

numbers in the Army be connected in any way with the number of people who do not meet the established criteria. The minister of defense commented on the situation in the following way: "Officers will also leave for the reason that the best are staying in the Army...."

#### Once More to the Commissions

Even though the original idea on putting together the commissions was entirely different, at the end it is clear that the commissions before which the generals and officers will present themselves will be composed of professional soldiers. The number of commissions was just being determined as our issue was being printed. Despite that, one can reckon that there will be practically the same number of them as the number of commanders and chiefs who have assignment authority. As we have found out, the commissions will have little methodology for their work. There will not be anything in detail, and in no case will there be some kind of directive or instructions as to who to evaluate or how. An officer who does not agree with the conclusions of the commission has the right to appeal them within seven days. The final decision is then made by the superior one level above the chairman of the commission. To complete the picture, we should add that only those who have already undergone a similarly intentioned interview and passed it can work as part of the commission.

#### \* Shortage of Qualified Draftees Decried

*93CH0678A Prague A REPORT in Czech 18 May p 6*

[Interview with Lieutenant Milan Kovarik, chief of the augmentation department of the Prague 2 District Military Administration, by Josef Nitra in May; place of interview not given: "The Olive-Drab Lottery"]

[Text] "Now they are taking every cripple into the military," a soldier complained to me in the waiting room of the orthopedic department of the UVN [Central Military Hospital] and proudly included himself in that group. "Just imagine, they took me in with a bad hip joint." His lament inspired me to look more closely at the work of the induction commissions.

In May, the lilacs were already in bloom, and the Prague 2 District Military Administration had revived to life. The chief of the augmentation department, Lieutenant Milan Kovarik, found a moment to answer a few questions from me.

[Nitra] The unit commanders ask that you send them healthy fellows, and what do you say to them?

[Kovarik] There are not any. Only one-quarter of the total number of draftees have an "A" classification. Another 35 percent have "B" medical limitations, the majority of them with illness of the nervous system and the sensory organs. People with bad eyesight are absolutely the most prevalent. All of the others are put down as temporarily unfit or unfit.

[Nitra] Is it then hard to make a selection?

[Kovarik] If there is anyone from whom to make a selection. For example, in the April 1993 entrance period, I did not have anyone at all for reserve service.

[Nitra] I would say that in a district like Prague 2 there would be swarms of young men. Where are they?

[Kovarik] I get a list of 400 lads for each year group from the registry of persons, but even that police registration is one-third wrong. Those lads do not live here on a permanent basis.

[Nitra] Do the police have such unbelievable disorder in the files?

[Kovarik] Out of interest, I checked it out myself. I found out when I moved in November 1991 that, even though I filled out all of the obligatory reports, I was still, after two years, listed elsewhere than where I should have been. We are trying to deal with those deficiencies, but there are even such embarrassing mistakes as when we call up someone who is dead.

[Nitra] But those other two-thirds do not show up for induction?

[Kovarik] There is a great lack of discipline with those draftees. Last year, for example, about one-fifth of those summoned did not bother to come in. We do not let this pass in silence, though. There were 64 draftees who were charged with offenses at the district offices, and 14 had punitive charges laid against them for avoiding military service. The court came down with a decision of about four months' probation for most of them.

[Nitra] A person might say that you are thus thankful for those who even show up. Is there no trouble with them?

[Kovarik] I wish! Maybe they bring us an incomplete medical report. Sometimes it seems like the doctors do not want to cooperate with us at all. They consider their work in relationship to us as unnecessary, as an activity that does no good.

[Nitra] What about the rumors that they are making money off false determinations?

[Kovarik] That cannot be proved, even though there are sometimes really suspicious cases that come up. It can happen that we induct a healthy young man, who, after two weeks, appeals the decision of the induction commission. All of a sudden, he has badly damaged lungs and is thus not fit for service.

#### \* Professional Soldier Association Formed

93CH0678E Prague A REPORT in Czech 18 May 93  
p 11

[Interview with Jan Kriz, chairman of the Central Council of the Union of Professional Soldiers of the Army of the Czech Republic, by Ladislav Lenk; place and date not given: "Ten Days After the Start"]

[Text] A whole 10 days have passed since the founding conference of the Union of Professional Soldiers of the ACR. A long enough time for us to go look up the chairman of the Central Council, Jan Kriz, and ask him to answer some questions.

[Lenk] How have those 10 days gone for you?

[Kriz] If I were to put it briefly, they mean that a lot has been done for our organization. I will try to tick them off quickly. The central agencies and commission have been constituted. The implementation of the social program has begun. Discussions have taken place with the minister of defense, the chief of the personnel directorate, the commander of Military Headquarters West, and the chairman of the defense and security committee of Parliament. We have also talked with organizations that bring professional soldiers, either current or former ones, together in their ranks....

[Lenk] You said that you have had discussions with the minister of defense. Did the Union enter somehow into the resolution of personnel questions, especially in connection with the preparation of the order for a special evaluation of professional soldiers?

[Kriz] I will start off somewhat differently. It concerns the fact that we have a lot of unfiltered news from our clubs, as far as it concerns the situation in the Army. Currently, a professional soldier is worried about a lot of things—putting together a new Czech Army, reorganization and redeployments, and the social impacts resulting from that. Of course, the most delicate one is the one that you just asked about, the question of personnel. I already said that we had discussions with the chief of the personnel directorate of the ministry, and we asked him to come to the discussions at the Central Council on 30 March. I think that exchange was very important. The members of the council found out what the approach of the Ministry of Defense will be on resolving the personnel questions, and, on the other hand, Mr. Greiner found out a number of facts that are worrying the professional soldiers. The Central Council and its leadership reached some conclusions from that, which we then worked up in writing, and I myself personally discussed them with the minister. In essence, it was a compilation of our views, positions, and requests on the intended interviews with the professional soldiers.

[Lenk] What new did you bring to the minister of defense?

[Kriz] I think that the evaluation of the professional soldiers must bring about an improvement in the quality of the Army. Now is an ideal opportunity for it. We came to him with the request that the evaluation deal primarily with professionalism, with the professional upgrading of the Army. Another of our requests was that the evaluations begin with the highest Army officials. It is not possible to do them simultaneously at several levels, but it must begin from above so that here we finally have created a situation at one time where the commander selects his coworkers and then can also be

responsible for everything. We also discussed other things with the minister, what you might call petty details. Those concerned, for example, such things as the fact that it is difficult for us to give priority to physical ability for a doctor and then, on the other hand, forget about it for a battalion commander. The battalion commander indeed must be just as physically capable as his soldiers, but, on the contrary, we should perhaps turn a blind eye to it for the doctor because the most important thing here is how he provides medical help....

[Lenk] So one could say that, in a certain manner, the minister accepted your requests—except for one, your participation in the special evaluation....

[Kriz] I would like to clarify that. We did not offer to take any part in the evaluation. We just want for the commanders to do it. We said, however, that it should not prevent the commanders from making use of the positions of our clubs and let them say what many times the commander himself does not know at all about the people being evaluated. Whether the commander makes use of that opportunity, that is another matter.

[Lenk] In Brno at a press conference, a member of your Central Council and the chief of ARMAT [army trade organization], Mr. Chalupny, announced that the top leaders of the Czech Army do not have any great interest in meeting with you, despite the fact that the SVP ACR [Union of Professional Soldiers of the Army of the Czech Republic] is the strongest organization of professional soldiers in the Army and that it would be necessary that much greater use be made of the views of your organization. How do you look on that position as the chairman of the Central Council?

[Kriz] Mr. Chalupny was speaking for himself. That is his opinion. I think, however, that a similar opinion was formed by a number of our members at the moment of our first regular conference, when only General Pezl participated out of the top officials of the Army who had been invited to the conference. That opinion is also reflected in the fact that the agreed-upon schedule for discussions with representatives of the Ministry of Defense was not always kept. It is possible that that was because of the overload in tasks for the ministerial officials, but it also possibly is because, as Mr. Chalupny said, there clearly is no interest there. I want to emphasize one thing, however. In our discussions with the minister of defense, the Union offered certain help, and now it is only a question of whether the Army command accepts that help. For example, we offered help in creating the decisive documents, the laws, and so forth. We wanted to express ourselves on those matters at the time when they were being prepared and not just criticize them afterwards. We also offered the assistance of our foreign colleagues, the presidents of the Bundeswehr unions, of the Austrian Army, the president of EUROMIL [European Organization of Military Associations], and others, who would be capable of providing a

mass of information about how this has been handled by them to our Army officials, or even to deputies in parliament.

\* State Role in Business Bankruptcies Discussed

93CH0685C Prague HOSPODARSKE NOVINY in Czech 26 May 93 p 9

[Article by Karel Dyba, economics minister of the Czech Republic: "The Role of the State in the Process of Bankruptcies"]

[Text] As a result of the legal opening of the opportunity to apply bankruptcy as of April of this year, another fundamental step was taken in the process of economic transformation. The government considers bankruptcies to be a legitimate instrument for restructuring the economy.

At the same time, however, it is prepared to apply several other extrajudicial instruments so as to minimize the overburdening of the courts, but primarily to minimize the negative national economic effects of such a recovery process. What are particularly involved here are the following:

- To prevent the domino effect or a chain reaction of related bankruptcies.
- To mitigate the impact on employment or to prevent a more specific rise in overall unemployment.

Those national economic reasons are not based on a selective approach, on judging individual business intentions, or on technical-economic and financial indicators of individual businesses. On the contrary, they require general rules for the application of the instruments selected. In exceptional cases, however, the government intends to even resort to saving some enterprises that are threatened by bankruptcy. That can involve a few large businesses, whose bankruptcies would result in:

- An unbearable increase in regional unemployment.
- The development of the epicenter of the domino effect.

The basic instruments the state will utilize are the following:

1. A mutual crediting of claims and obligations.
2. The capitalization of credits and claims.
3. The buying out of claims.
4. The writing off of claims to expenditures.

The proposal for this set of instruments and the method for applying them, which were approved by a conference of ministers, was prepared by an interministerial working group headed by V. Kupka, deputy minister of economics.

The general principle for asserting the entrance of the state into the entire process is the spread of the risk or

the distribution of the costs involved in applying extrajudicial instruments to several entities, including the state (or the Fund for National Property).

#### Mutual Crediting of Claims and Obligations

A certain portion of the claims and obligations make up closed cycles so that it is possible to credit them mutually. What is at stake here is that a substantial portion of what is called secondary insolvency should be eliminated in the relatively brief period of time available before applying the terms of the law on bankruptcies and settlement.

Here, the role of the state lies in delegating that operation to a specialized firm and freeing up state resources that are necessary to bring about the maximum effectiveness of the system of mutual crediting. Resources will be made available in the form of recoverable loans.

The prerequisite for the success of that operation is the fact that it will be conducted by a corporation (firm) that not only has experience in crediting mutual claims, but is also capable of meeting such essential conditions as the following:

- Simple data input.
- Satisfying all types of business (legal entities).
- Ties to the Slovak Republic.
- The short duration of the entire operation.
- An acceptable level of contractual remuneration for crediting operations conducted.

In view of the fact that, as early as this phase, it will be necessary to deposit state resources (resources from the Fund for National Property) to facilitate some of the ties in the payment chain, the expression of the effectiveness of those resources in relation to the overall lowering of insolvency and the method of applying these resources are a condition.

In that respect, the press was used to announce a general contest for the purpose of selecting an entity that would be capable of realizing the organizational aspects and would be able to conduct such credit operations involving claims and obligations in the broadest circle of legal entities in the economy.

After judging the submitted projects, a coordination group at the deputy-minister level, as well as representatives of other institutions, entrusted the credit operations to an association of the PZU Corporation of Hradec Kralove, the CREDIT-TAX Corporation of Prague, and the Credit Management Corporation of Prague, with the proviso that, among other aspects, the selected project would provide a preliminary guarantee of the effectiveness of the supplementally deposited resources at a ratio of 1:30 through 50.

Participation of the business enterprise or the economic entity in those credit operations should be one of the criteria in deciding whether to apply additional extrajudicial measures.

#### Capitalization of Credits and Claims

One of the possibilities of solving the situation of businesses at risk for bankruptcy in an extrajudicial manner is the "debt equity swap" or:

- From the standpoint of the creditor, conversion of the credits granted or unpaid claims into ownership shares.
- From the standpoint of the debtor, lowering the size of obligations by converting the liability of others to one's own liability, increasing the value of property.

The purpose of that operation is particularly beneficial from the standpoint of the debtor because:

- The creditor will not insist on being further satisfied.
- The burden of having to make interest payments or pay penalties for those obligations is removed.
- A real possibility develops to settle the remaining obligations.
- It is possible to solve problems related to the recovery of the business enterprise (restructuring production, assuring markets, investing).

In brokering swap-type operations, even the state will play an important role. It need not wait for the debtor or the creditor to suggest a swap and see what form it will take, but it can directly initiate such swaps involving selected enterprises.

In such cases, the position of the state is basically dual in character:

- In the first case, it involves 100-percent state participation, and then the swap becomes a specific method of privatization.
- In the second case, in which the state has already transferred some of the securities to other owners, the state position is more complicated; in principle, it is given by the fact that it is one of the shareholders. In justified cases, the state can decide to support a swap even at the price of its own losses (subsidized swap operations).

In the event that the state is one of the shareholders, the following variations can occur:

A. The nominal value of the securities of the debtor is the value of the obligation:

- The state agrees with the other stockholders that each of them will turn over to the creditor the same share of his securities (a condition here is a small number of stockholders).
- The corporation issues new securities to the creditor, which correspond in value to the capitalized claim.

B. The nominal value of securities of the debtor does not amount to the value of the obligation (the market value of the shares is lower than their nominal value), and the difference is paid to the creditor:

- By issuing a larger number of shares than those reflecting the nominal value of the capitalized claim,

which lowers the value of all securities, including the securities of the state.

- By issuing stock certificates owned by the state or the Fund for National Property, or by having the Fund for National Property or the state surrender a part of its share.
- By issuing stock certificates owned by the state and stock certificates owned by the most important stockholders (decisive stockholders), with the proviso that the state or the Fund for National Property will pay the amount owed by small stockholders.

In initiating swap operations involving state enterprises and other legal entities in whose business activities the state has property participation, the following approach can be used:

1. A proposal to realize swap operations is submitted to its founder (the sector ministry) by the state enterprise or another legal entity in which the state is a participant, upon agreement with the appropriate creditor or creditors, or it can be submitted directly by the creditor.
2. A proposal for a swap operation must be accompanied by a detailed description of the swap operation (the size of the converted credit, the agreed-upon share due the creditor, the method by which the swap operation will be accomplished, and so forth).
3. The founder will then evaluate the proposal for the swap operation and will only hand over approved proposals to the Ministry of the Administration of National Property and Privatization with its recommendations. In the event the proposal is submitted by an enterprise, it must be accompanied by an approval statement by the creditors.
4. The Ministry of the Administration of National Property and Privatization will judge the proposal and decide to approve it or disapprove it, or it will support the inclusion of the proposal in the privatization project applicable to the enterprise in question.

#### Buying Out Claims

One of the consequences of declaring bankruptcy is the halting of payments by the bankrupt. A creditor will not receive his claims or parts of his claims until the bankrupt's assets and the essence of the bankruptcy have been converted to cash. The average time that takes can be estimated at one to two years. Such long withholding of payments can cause financial difficulties for some creditors, which frequently lead all the way to threatening bankruptcy (the domino effect). The purpose of buying out claims is to minimize that impact.

Even if it is anticipated that creditor claims will be the subject of normal trading, financial difficulties will lead some creditors to sell their claims at a low price, which could lead to similar problems as those related to the bankrupt's stopping payments.

In such cases, the state will make it possible to purchase claims whose current market value would drop beneath 50-60 percent of the nominal value through the offices of the Bank of Consolidation. For those purposes, the bank will be equipped with financial resources by the Fund for National Property and will be charged with the obligation of accounting for their utilization.

The actual process is conditional upon the declaration of bankruptcy and recognition of the claim by the bankruptcy administrator.

Claims should also meet other conditions:

- They have arisen by a certain date or are based on a one-time commercial relationship between the creditor and the debtor.
- They are of a certain minimum size.
- They are asserted against bankruptees whose creditor committees have decided that the proceeds of converting assets to cash are to be deposited in a special account with the Bank of Consolidation.
- They are asserted against bankruptees who have a certain minimum level of wealth.
- It is clear that they are not a discernible product of speculation.

Those principles will be worked up into binding regulations by the sponsors—that is, by the Ministry of Finance and the Bank of Consolidation.

The ministerial conference recommended that the Bank of Consolidation should offer to purchase claims as a matter of principle only after bankruptcy has been declared, and should buy those claims across the board from all of the creditors involved. Only in exceptional cases, if the government decides to salvage the debtor, will the purchase of claims take place as early as during the cooling-off period.

#### Writing Off Claims to Expenditures

An important reason for primary insolvency in a number of business enterprises is the uncollectibility of some claims abroad that came into being before 1991. Mitigating that burden would expressly improve the situation in some businesses, despite the fact that full elimination is not possible in view of the estimated value of approximately 40 billion korunas [Kc] (estimate by the Czech National Bank) of that burden.

One of the possible instruments leading to mitigating the burden of uncollectible claims is their write-off as costs. That possibility is afforded by the existing law on reserves, but only in the event the claims are on a domestic debtor. The amendment of that law or the expansion of its applicability to foreign claims would create room for solution.

In view of the possible impact on the revenue side of the state budget, the Ministry of Finance and the Ministry for Industry and Commerce have been charged with proposing a passable solution.

The course of the process of bankruptcies will be consistently monitored by the Ministry for Economics, and the effectiveness of the applied extrajudicial instruments and their limitations will be evaluated on a continuing basis.

**\* CNB Director Klacek Interviewed on Bankruptcies**

93CH0685B Prague EKONOM in Czech 2 Jun 93  
pp 15-16

[Interview with Eng. Jan Klacek, candidate of sciences, director of the Economics Institute of the Czech National Bank, by Eva Klvacova; place and date not given: "Enterprises, Banks, and Bankruptcies"]

[Text] *If the macroeconomic stabilization of the Czech economy is to be counted among the undoubted and undisputed successes of the economic reform, the microeconomic transformation is occurring gradually and slowly when compared to the original notions and must still wait for an overall evaluation. In conjunction with the international conference, organized in Prague by IIASA [International Institute for Applied Systems Analysis] on the topic of macroeconomic stabilization in the transforming economies, we asked Eng. Jan Klacek, candidate of sciences, director of the Czech National Bank Economics Institute, a few questions.*

[Klvacova] In your opinion, what changes have occurred at the microeconomic level, and how would you evaluate them on an overall basis?

[Klacek] The sharp growth within the private sector is undoubtedly part of the positive changes. Whereas in 1989 approximately 99 percent of all production came from the state sector (which can also be interpreted as including the cooperative sector, which actually did not differ overly much from the state sector), at present approximately 20 percent of the gross domestic product [GDP] originates in the private sector, in private business activities. In those private businesses, we can anticipate the existence of a tough budgetary restriction and the related major financial discipline, and we can look for far more flexible reactions to consumer demand than is the case with businesses that continue to be owned by the state.

[Klvacova] Twenty percent of the GDP created by private business tends to mean that 80 percent of the GDP is created by state enterprises. Has there been any kind of more fundamental change in their conduct? Are they influenced by the existence of the private sector? I have the feeling that those enterprises have preserved (if not expanded) their room for monitoring the success of management, including spontaneous privatization, room for paying wages even in the case of actual failure, and that they have preserved less room for the care and development of the enterprise.

[Klacek] One change is definitely discernible, and I cannot state that I would evaluate it as being clearly

positive. Previously, state enterprises were accustomed to negotiating regarding a plan and resources with the appropriate ministries and planning commission. They acquired great experiences and substantial practical experience in conducting those negotiations. At the present time, they are utilizing those experiences to an advantage in negotiating with the commercial banks. Negotiations for delivery of raw materials or to assure investments have been transformed into negotiations for credits. And we may observe a paradoxical manifestation in that, while interenterprise indebtedness rose rapidly and significantly and the enterprises are experiencing sales difficulties, wages continue to be paid, and many enterprises are, in fact, showing decent profits.

[Klvacova] Of course, that fact indicates quite unequivocally that the conduct of the banks is not completely in order, that it conspicuously reminds one of the conduct of the state enterprises. Is that not caused by the fact that the largest commercial banks were left with an overly high state share as owners even after privatization?

[Klacek] Things are more complicated than that. If the bank has claims amounting to more than hundreds of millions of korunas, it generally is not interested or is highly reluctant, at a minimum, to initiate a possible bankruptcy of the subject enterprise. It knows that the tremendous claim it has against that enterprise could prove to be uncollectible or would have to be partially written off. Things are exactly as stated by J.M. Keynes: "If you owe the bank 100 pounds, it is your problem. If you obtain a loan of 1,000 pounds, it is a problem for the bank to get its money back." And part of the new loans that are essentially bridge loans in character and frequently serve only to make it possible to pay wages is motivated primarily by the great degree of loan commitment made in the past. I am not certain whether the conduct of our commercial banks reflects primarily a high share of state ownership or that is a matter involving the typical character of the transition to a market economy. In any event, we are able to observe those characteristics of bank conduct in other countries, as well—naturally, with the difference that, if the cup runs over and there is a certain extreme in the orientation in that direction, the bank will fail. Just in the past few years one can find a sufficient quantity of such cases. Their disciplinary effect upon the conduct of the other banks is very important.

[Klvacova] To what extent do enterprise bankruptcies represent a threat to commercial banks?

[Klacek] The question of bankruptcies of enterprises can most certainly not be separated from the financial balances of the banks or from the threat to some banks that they constitute. It can be said that the banking system in our country is characterized by the continuing dominant position of two or three large banks, such as the Bank of Commerce, the Investment Bank, the Czech Savings Institution, and, in Slovakia, the General Credit Bank. Those banks dominate approximately 60-70 percent of the total financial market, whereas several tens of small

banks share the remainder. If a wave of bankruptcies were to develop, it would be particularly the smaller banks that would be threatened. Large banks have a highly diversified clientele so that, from the viewpoint of probability, it is clear that the impact of the failure of one of its clients on the balance of the bank must be less palpable than is the case for a small bank that is oriented toward a single region, a single branch, or a single social group of clients. In the event of an excessive concentration of bankruptcies, the balance sheet of such a bank is then immediately threatened. The central bank has reacted last year and again this year to that possible danger on a priority basis in the knowledge that, even if a single bank were to fail, the entire banking and financial sector would be threatened to a certain extent. That is why the mandatory reserves of commercial banks were increased at the central bank, and, at the same time, the audits the banks had to undergo resulted in a gradual increase of those reserves, and reserve funds the banks are compelled to create out of profits are constantly increasing. Those measures naturally reduce the resources available for new loans and result in increasing interest rates in the interbank market, and that then naturally translates into interest rates on loans that are made.

[Klavacova] And now we have reached the critical reaction of the government to the interest rates and the shortage of loan resources. Is it or is it not justified?

[Klacek] If we weigh the risk that enterprise bankruptcies could transform themselves into bank bankruptcies, the look at the operations about which we are speaking here and that have quite understandably resulted in making loans more expensive and less accessible is going to be somewhat different, a little less critical.

The situation would very likely not be as serious if at least some, particularly the larger enterprises that were hitherto owned by the state or in which large-scale privatization has not yet been completed, had been restructured financially earlier, in the previous three years. For the most part, it is precisely those businesses that seem to radiate broader enterprise indebtedness with respect to smaller and medium-size enterprises. A sizable portion of the indebtedness of those large enterprises, such as Skoda Plzen and the CKD Praha enterprise, is based on unpaid invoices in exports to Austria or to the other CEMA countries. Those are claims that have their origin in the past, claims for which state organs—albeit they involved a different state and different officials—have their share.

[Klavacova] I cannot rid myself of the impression and the fear that it is precisely the large enterprises from which the danger of bankruptcies spreads that will be among the enterprises that are protected and that we shall again encounter vague arguments regarding strategic importance, a promising future for the enterprise, and the possibility of social unrest. It can be expected that we shall again see the formation of coordinating committees and groups that will determine where state participation

and protection against bankruptcy should be directed and where it should not be directed.

[Klacek] It would be very unfortunate if the sole criterion for state participation in the recovery of an enterprise were to be its size or potential unemployment. However, the problem is more complicated than that. Some weeks ago, an international conference was held in Prague on the topic of macroeconomic stabilization in the economies that are transforming themselves, a conference that was organized by IIASA, the International Institute for Applied Systems Analysis. One of the speakers dealt with the method by which the World Bank evaluates enterprises. That evaluation, which serves to support the decision as to whether to grant a loan to the enterprise involved, is based on several tens of criteria. The problem of selecting enterprises, whether for granting loans or in connection with state participation in bankruptcies and settlement—is not a specific of the Czech or the Slovak economy. Banks must evaluate their clients, and, from a possibly one-sided standpoint, which is, nevertheless, the most important view of financial streams, the maximum amount of information at their disposal. At present, for example, the majority of the banks must undertake a reclassification of debtors in accordance with the way in which they are paying off their loans. That reclassification is being conducted in conjunction with the audit that was imposed on all banks. In reclassifying loans, use must be made of certain clearly defined criteria. And criteria of that type could and should be used in deciding on state participation in the case of bankruptcies.

[Klavacova] There is certainly an entire series of forms of state participation in solving the question of bankruptcies. However, they can be brought to a single common denominator, more or less. That is the institutionalization of the state debt. However, every economy that is transforming itself is opposing that tooth and nail, and the Czech economy is doing so somewhat more vigorously.

[Klacek] To return once more to the conference organized by IIASA on the topic of macroeconomic stabilization in economies that are transforming themselves, there was talk, for example, of quite specific instances in Bulgaria, where a substantial portion of enterprise indebtedness is being transformed into state debt. I personally believe that at least a part of the enterprise indebtedness that has its origin in the past and that came into being before the initiation of the economic transformation and has been burdening the balance sheets of the enterprises involved from its very beginning should be purged by some effective means. If we exclude as a solution the radical step of currency reform in advance, the actual second cleansing step is the institutionalization of the state debt. That naturally leads to an entire series of questions that are economic and financial in nature and, in the final analysis, are even of ethical consideration. Let us first stay with those ethical questions. It is a question of whether the entire generation and every taxpayer should share in offsetting the debts

that arose in the past, whether this generation should bear the burden, or whether past debts should be paid off by only a certain specified group of individuals or their heirs. Of course, this presupposes the possibility of finding the "culprits" and the reason for the old debts.

Institutionalizing the state debt is not naturally neutral from the standpoint of the economy, nor is it neutral from the standpoint of the currency or price developments, and so forth. In other words, there is definitely not a simple solution. But, if the balance sheets of enterprises were cleansed of those old debts, at that moment their dynamic development would be facilitated. That would result in releasing a sizable portion of enterprise activity for actions aimed into the future, and there would be a growth in investments. An accelerated growth of the economy and rising incomes for all participants of the market would, in part, devalue the state debt; they would render it relatively small in comparison with the moment of its origin.

[Klavacova] The state debt was relatively small three years ago. Nevertheless, the solution of the type that called for a state debt being developed was not adopted, and the partial elimination of indebtedness, which was undertaken through the use of resources obtained within the framework of privatization, did not show any overly great results.

[Klacek] I believe that the fear that enterprises owned by the state and their managements would not react in the manner in which enterprises in fully developed market economies would react played a sizable role here, the fear that measures of that type tend to prolong the existing stereotype of enterprise conduct and, moreover, would make it more expensive. It is a fact that there was not even a competitive market or tough budgetary restriction here, nor was there any flexible reaction on the part of the enterprises. And it is true that, as a result of the injections made in the enterprise sphere by the Bank of Consolidation from the resources acquired by the Fund of National Property, there was no deliberate lowering of the total level of interenterprise indebtedness.

[Klavacova] The extent of state ownership continues to be quite considerable (although smaller than it was three years ago); the market, to a considerable extent, still has the character of a monopoly market; and tough budgetary restrictions exist only in the private sector. We are apparently going to agree on the fact that the weight of the arguments for and against a state debt is changing at only a slow pace. My last question pertains to the instruments that were selected to direct the process of bankruptcies. How do you evaluate them, and what pitfalls do you see here?

[Klacek] From the quantitative standpoint, the greatest hope is connected with the method of mutual crediting. There is the expectation that primary indebtedness amounts to only approximately one-fifth of total indebtedness, which came into being as a result of a chain reaction of debts, and that a mutual crediting of invoices

can substantially reduce indebtedness. However, the problem lies in the fact that mutual crediting can be performed efficiently only by very-well-capitalized firms. Without adequate capitalization of the appropriate firm, mutual crediting can come far short of yielding the appropriate effect. As far as swap-type operations are concerned, in my judgment, they are running up against a hitherto undeveloped capital market, the lack of confidence in securities in general.

#### \* Status of Czech Maritime Operations

*93CH0685A Prague HOSPODARSKE NOVINY in Czech 27 May 93 p 15*

[Article by Petr Nemec: "Czechoslovak Ocean Shipping—On a New Course"]

[Text] *The Czechoslovak Ocean Shipping [CNP] corporation was established on 23 March 1959 and was registered in the Commercial Register on 1 April 1959. After the new Commercial Code became effective on 1 January 1992, the CNP adjusted its statutes so that they would reflect the conditions of the new law. According to its statutes, the CNP is authorized to engage in maritime navigation and all related activities, to buy and sell or rent maritime vessels, to engage in the import and export of goods for the needs of society, and to provide and accept all services having to do with engaging in foreign trade activities within the framework of the stipulated object of business activities.*

In its 30 years of existence, the CNP has sailed through many a storm, has come upon many a peak and a valley in its business activities. And there were people around who, after the November 1989 revolution, were ready to give up on that exceptional enterprise. After all, the CNP saw its "world crumble": The gradual but all the more vigorous disintegration of the foreign trade monopoly, the loss of markets in the former CEMA countries, and, last but not least, the equally sharp change in the orientation of what then was still Czechoslovak foreign trade. Pessimists were anticipating an outflow of qualified personnel, particularly from the officer corps, and other specialists. And when we add to that the recession that is afflicting a major portion of the world economy, a recession that always is first felt in maritime shipping, it seems that the values appeared to be predetermined: more likely a decline, a crisis....

The director general of teh CNP, Maritime Captain Engineer Pavel Trnka, candidate of sciences, has been employed by the CNP for 34 years. He has lived through a large part of the company's history. He does not look as though he was seeing a crisis: "The CNP has overcome a highly complicated period in which it was necessary to guide the enterprise along a completely new course. We had to come to terms with the heritage of the old management that paid tribute to the concept of Czechoslovak foreign trade, for which the flotilla was an instrument and an important negotiating element. You must realize that the opportunity to deliver goods to their very destination—in other words, the goods remained under the control of the exporter until

they reached their destination—played a substantial role in many a negotiation. In the end, that is also reflected in the composition of the flotilla: We have a large number of relatively new vessels specializing in the shipment of piece goods. Those so-called twin-deckers, which were built toward the end of the 1980's in the Chinese People's Republic and all of which have a capacity of approximately 8,000 tons, were destined primarily for the shipment of 'special products.' It is possible that every one of our sailors could tell you much about the armaments in the arsenal of the Syrian or the Libyan Army."

Before November 1989, the CNP handled 70-75 percent of its operations for the domestic market. The flotilla carried nearly 150,000 tons of Cuban sugar for Czechoslovak importers, 200,000-250,000 tons of Soviet apatite, and sizable quantities of Swedish, Indian, and Brazilian iron ore. All of that is gone. "Yes, things looked horrible. But, in an unbelievably short period of time, we succeeded in finding new markets. Today, we are perhaps the only Czech enterprise that realizes its outputs exclusively abroad and in freely convertible currencies. However, the success of our activities in recent times does not consist of the fact that we might have secure employment and business to last us several months; we have our business activities assured for the long run. We need not fear the present or tomorrow; we need not even fear the next—say—two years."

A realistic view of world markets, the indicator for which, as has already been said, is usually maritime shipping, indicates that improvement may be expected at the earliest by the end of 1993, but more likely somewhat later, in 1994. The CNP was thus compelled to seek out such partners as would help it overcome the recession. That attempt was successful. Vessels under the CNP flag are sailing under conditions of long-term leases. The enterprise has gained the confidence primarily of West European partners. For example, in United Germany, the CNP is cooperating with the Dr. Oetker firm, which is one of the German industrial giants. As Eng. P. Trnka pointed out, it is a certain tragedy for the Czech market that it is not showing any interest in its "own" flotilla. And that is not only a question of having Czech exporters shipping their goods abroad exclusively in CNP bottoms. The director of the CNP comments as follows: "It is one thing to assure an enterprise of a promising future for a year or two but quite another to do so for five or 10 years. For us, that means that we must not only look for new partners but also fundamentally restructure the flotilla. This year, in September, the Daewoo Shipyard in the Republic of Korea will hand over the flagship of our flotilla, the vessel Beskydy, with a capacity for carrying 70,000 tons, destined for the shipment of bulk cargoes. It is a very modern vessel, whose design extends into the next century. Moreover, it is very much in demand from the market standpoint. We financed 30 percent of it with our own resources; the "remainder" was purchased with the help of a loan from the French bank Societe General. And we were able to do so under extraordinarily advantageous conditions, cheaper than a loan from Czech banks. And Societe General was not the only bank to offer us a loan. The Hamburgische Landesbank and Citybank were also in contention. But the French offered the best conditions. It can

thus be said that we are financing the vessel out of current commercial credit. That is not the rule throughout the world. We are very sorry that our Republic still does not have institutions, consortia of banks, or brokers who might be capable of organizing and carrying out barter transactions and thus finance the purchase of vessels. I am now expressing only my view, which has not yet been debated within the broader plenum of our corporation."

Today, buying a ship is no problem. The Bulgarians and the Romanians are offering their products. Many shipyards are capable of building a decent vessel. Everything is merely a question of conditions. In the area of vessels for the transportation of bulk cargoes, South Korea is very interesting and has the lead. For South Korea, the CNP is an interesting partner that it would certainly not like to lose. For Czech manufacturers, the Korean market might be interesting in turn. Given well-organized compensation transactions, purchases could be made that even benefit Czech foreign trade. And we are not talking small things: "We have worked out a long-term investment plan that tells us how the flotilla will look in the year 2000," says P. Trnka. "One thing is clear: We must have sufficient capacity at our disposal to ship bulk cargoes. We are figuring on the number of our vessels being about 20 to 22 units, but with far greater capacity. By 1995, we intend to realize investment intentions amounting to \$100 million. Investments in changing the structure of our flotilla represent \$150-200 million. So we are not a small customer. Of course, we have the opportunity of organizing compensation trades with the help of foreign brokers. We understand that method of doing business and financing because we are involved in it together with some foreign agencies. Perhaps the first swallows will appear on the horizon in the foreseeable future—we have already initiated certain negotiations in that regard. Otherwise, you could consider that a wish that our activity would show up positively even in our economy—even though I state openly that we are connected with that economy essentially only through the taxation system, which is downright terrible, and through labor-law legislation. So, if you will, that represents a sort of residual positive nationalism."

The romantic times have simply vanished. Today, only a few boyish hearts will beat faster when reading reports about our flotilla, which happens to be the second-largest (following the Swiss) world flotilla among inland nations. Ocean shipping must conduct itself in market-type fashion. It must be efficient. The CNP is a corporation. In the words of Eng. Pavel Trnka, it was privatized in the fourth round of the first wave "completely undramatically." These days, the securities of the CNP have been assigned to 19,140 holders of investment coupons and 50 investment corporations. If maritime shipping is not sufficiently efficient, if it will fail to pay sensible dividends to its stockholders, and they will simply sell their shares.

"You must realize that ship ownership is a very simple matter in terms of liquidity. To sell a Skoda automobile can be complicated, but to sell a maritime vessel is much the same as selling a car. Certainly, the prices are different, but the market in secondhand tonnage exists and is very lively," notes Eng. Trnka.

## CZECH REPUBLIC

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There was a time when ocean shipping did not need to worry about an influx of interested individuals who were attracted to the sailor's profession (seen from the shore). Even in that regard, conditions have changed very much. To be a sailor is no longer the only possible way to see the world. And, on a worldwide basis of comparison, our sailors, particularly our key specialists, our officers, are not paid as they should be. On the other hand, the social conditions for our sailors aboard our vessels are better than those of sailors working for other shipowners. Quarters, food, medical care, Czech service, working in stable vessel collectives. Even that counts. In that regard, ocean-shipping management works closely with an independent trade union organization of sailors. "No, you will not encounter any Filipinos or any other foreigners among our crews. Last year, we staffed all vessels with Czechoslovak crews. In the agreement with the trade union organization, it states that we would enter any free manpower market, including foreign markets, only if we were unsuccessful in recruiting workers from our own manpower pool. And I would like to stress that our crews are highly qualified and reliable."

Even so, ocean shipping is not looking for some kind of permanent base, as was the case of Szczecin in Poland at

one time. There are enough capacities throughout the world that can provide the necessary services—ranging from repairing vessels to provisioning them. "We have a good overview, and we enjoy good collaboration with repair shipyards the world over, particularly in Poland, Singapore, Portugal, and Greece. If we wanted to be independent, we would have to begin learning—and that would be unnecessary and expensive."

The CNP is an established marking symbol on the oceans of the world. And even if the circumstances that caused many a heart to swell at the thought of the red-and-white flag with the blue wedge flying on all oceans of the world have, in principle, disappeared, one thing remains: confidence in this symbol which, in the final analysis, will connect a materializing state consciousness with that flag. Even if "in essence, we are a business like any other, despite the fact that we have our specific problems. We must be efficient, we must be profitable, we must be reliable, our customers must have confidence in us," said Eng. Trnka in conclusion. And even that is materializing. For example, it can be seen in the offers made by foreign banks to grant credits. In relationship with Czech firms, that is again not such a current development and tends to attest to many a thing.

**Status of Vessels Operated by the CNP  
as of 1 May 1993**

Name of Vessel	Type	Launched	Deadweight Tons	Gross Registered Tons
Berounka	GC	1989, Xingang	7,920	6,425
Otava	GC	1988, Xingang	7,947	6,425
Sazava	GC	1989, Xingang	7,919	6,425
Vltava	GC	1988, Xingang	7,939	6,425
Lipno	GC	1981, Rijeka	15,916	10,416
Orava	GC	1981, Rijeka	15,916	10,416
Orlik	GC	1980, Rijeka	15,870	10,416
Slapy	GC	1981, Rijeka	15,916	10,416
Karlovy Vary	BC	1974, Tokyo	22,623	13,569
Bratislava	BC	1974, Szczecin	31,882	20,589
Praha	BC	1972, Szczecin	32,357	20,318
Trinec	BC	1975, Szczecin	33,230	20,596
Dunaj	BC	1989, Szczecin	33,230	21,399
Labe	BC	1989, Szczecin	33,230	21,399
Kosice	BC	1989, Rijeka	40,908	26,128
Vitkovice	BC	1989, Rijeka	40,908	26,128
Tatry	BC	1990, Okpo	66,088	35,350

**Explanation:**

- GC = a vessel for transporting piece goods
- BC = a vessel for transporting bulk dry cargoes

\* Rightist Movements Unite for Parliamentary Elections

93EP0286A Warsaw POLITYKA in Polish No 24, 12 Jun 93 p 14

[Article by Mariusz Janicki: "A Clean Right Hand: The Patriots Have United in Minsk Mazowiecki"]

[Text] The existing divisions within the country have been compounded by yet another, and an explicit one. Thus, some people believe that, on the night of 4 June of last year, along with the toppling of the Jan Olszewski government, a nearly mortal blow was dealt to Polish democracy, while others firmly believe that it was then that Polish democracy was rescued from a severe trial.

It was the former who gathered last weekend in Minsk Mazowiecki. Not all, to be sure, because only the former prime minister's Movement for the Republic (RdR) deliberated at that congress. On Sunday it was joined by Antoni Macierewicz, with his "Polish Action" party, with which he joined Olszewski. The former prime minister appealed to the delegates to agree to the greatest sacrifice for the sake of the unity of the center-right—namely, to give the vice chairmanship to the former minister of internal affairs.

Jaroslaw Kaczynski did not come, but he dispatched an incredibly conciliatory letter in which he declared his desire for unity talks without any preconditions—that is, without the least personal, prestige, or program demands. In his letter, Kaczynski acknowledged his "awareness of the vexations and misunderstandings so far" and stated his willingness to straighten them out. His letter met with an ovation.

Also absent was Jan Parys, the leader of the Movement for the Third Republic. He did not even send a letter, though. The point is that the RdR wants Olszewski to become the president, which Parys considers to be politically harmful, even believing that the former prime minister is not suitable for that post. So far, personal antipathies have been the biggest cause of divisions within the Polish center-right (as it wants to be called). Now, however, all of the "democrats and patriots" are manifesting their desire to unite themselves in defense of the country. Of course, that desire stems not from any belief that in union there is nobility but, rather, from quite practical considerations. First, there is the center-right's feeling of weakness in the face of such early and unexpected elections. Olszewski in Minsk quite obsessively referred to electoral laws that, according to him, not only were devised owing to a political conspiracy but also "violate the Constitution." The problem obviously is how to gather some 70,000 signatures (23 electoral districts of 3,000 each) for the lists of candidates. The RdR wants to gather 100,000 by the end of June so as to protect itself against the electoral frauds that, according to its leaders, are bound to happen (by 6 June, 15,000 signatures were collected).

Macierewicz's tiny "Polish Action" party can only gain from joining Olszewski, a joining that Olszewski termed a symbolic act, which the former minister must have sensed to be a slighting reference to his party's small membership. However, Olszewski assured him that he had the best of intentions. Also nearing an alliance with the RdR is the Peasant Accord party, which recently took part in Lublin in a commemoration of the anniversary of the "June night."

As for Parys, to be sure, he still has not lost his faith in some coalitions that were recently proposed by Jan Lopuszanski—that is, in an alliance with the PSL [Polish Peasant Party]—but the belief within the RdR is that, with the approach of the elections, the feelings between the two parties with such similar names [Olszewski's Movement for the Republic and Parys's Movement for the Third Republic] will grow warmer, the more so because another uniting factor is bound to be the existence of mutual enemies, who were clearly and without beating about the bush identified at the Minsk Mazowiecki congress: the SLD [Democratic Left Alliance] and the PSL, both said to be *nomenklatura* parties, with which no talks are possible. Also castigated at the congress was Lech Walesa for "guaranteeing them [the non-rightists] the post of prime minister after the [electoral] victory." The center-right "shall pursue vetting the credibility of the *nomenklatura*," which is to be viewed as a promise of electoral victory.

The second enemy of the center-right is the so-called proreform governing coalition, which is dominated by the Democratic Union and the Liberals; as for the ZChN [Christian-National Union], "they are political humbugs and figureheads." The center-right is hoping that the leaders of the ZChN will come to their senses because the grass-roots membership of the ZChN is already cooperating with the rightists rather than with the imposed coalition partners.

The third enemy is the KPN [Confederation for an Independent Poland], which "ultimately compromised itself on that memorable June night." Olszewski put forward a not-too-veiled accusation that the leaders of that party were agents, claiming that the government can always blackmail the KPN.

In such a straightforward manner, some 10 parties were excluded from the grouping of patriotic-nationalist parties. The remainder do not seem quite as hopeless. A third uniting factor may be a common program, rightist in form and leftist in content, whose particulars were finally laid down in Minsk. That program of the center-right is to be based on Catholic social teachings, which are, to be sure, hardly amenable to being interpreted in terms of economic parameters but, instead, are just fit for an electoral program.

Such were the demands made by the rightists, literally without any qualifications, without any concessions to the middle class or to private enterprise: primacy of labor over capital; a higher status for workers, peasants,

and the intelligentsia; curbs on attempts to curtail the trade unions' restrictions on privatization, which, for the time being, serve foreign or *nomenklatura* capital; the elimination of unemployment, coexistence of state and private sectors; and defense of human dignity. Even the sincerest socialist could support such a program.

That may be explained by the consideration that the Polish center-right does not want to be a so-called civilized Right after the fashion of, say, [Aleksander] Hall [the leader of the right wing of the UD (Democratic Union)] or the Liberals. It wants to be the traditional uncivilized Right, and it states so quite sincerely, without any false pretense. The rightist nature of that Right is to consist in its nationalist-patriotic character, which is to account for everything else.

In addition, our center-right is linked by clean hands, which will be thoroughly inspected before the elections. Chairman Jan Olszewski demanded of his associates that they not only meet the formal requirements of the lustration but also demonstrate deeply conceived honesty and moral integrity. The chairperson of the Katowice Region RdR, Jadwiga Chmielewska, said, "The present situation resembles that in which the Constitution of 3 May [1791] was passed. Chaos was reigning in this country. A handful of patriots were attempting to carry out political and economic reforms. Bribed agents of Empress Catherine and the king of Prussia were doing everything to get the nation to consider them patriots." Such is the ever-present mentality of the Polish center-right. It is above all propaganda rhetoric, but that is not all because, in many cases, that is really how some individuals think, considering that they compose a group that is beaten by the police, cut off from the media, provoked (at rallies "always the same individuals, with anti-Semitic utterances"), ridiculed, and in "an extremely difficult situation"—but intransigent because the truth is with it, and the truth shall conquer. That self-image transcends the bounds of mere irony. Besides, the center-right politicos such as Olszewski, Macierewicz, Parys, Włodarczyk, Romaszewski, Hniedziewicz, Switon, Szeremetiew, and, increasingly, Kaczynski must keep on proclaiming their beliefs because they have no chance anyhow to be accepted by any [governing coalition] in the near future. It appears that they identify that lack of an alternative for themselves with the lack of an alternative for this country, believing that "it is either us or the disaster." Jan Mizikowski, a former Sejm deputy for the KPN and, subsequently, for the RdR, who emceed the congress, so to speak, declared, "This change will not take place without bloodshed, and, if the foe is armed, we, too, should consider [becoming armed]."

The last factor in favor of the center-right's unity that merits mentioning is the common electorate of disappointed voters, for whom the center-right will be competing chiefly with the KPN. Olszewski wants to establish a kind of alliance with NSZZ Solidarity, the trade union, because the center-right will then be able to reach pensioners and state-industry workers. Likewise, the

center-right is hoping for the support of the Roman Catholic Church, especially of local clergymen, and, hence, it is attempting to court local ZChN activists who have good contacts with the clergy. It also wants to win over the rural electorate, whence the resolution, passed at the Minsk Mazowiecki congress, in favor of protecting the farm market and saving the Polish countryside. All in all, the electoral constituencies to be courted are quite precisely identified; they are to come from among those who reject the present model of Polish democracy but, at the same time, are not, for various reasons, prone to express a longing to return to communist rule. Therefore, they are to be attracted by a vision of a "mentor state," within reasonable bounds, but this time within a new "patriotic" framework. Will this merchandise be salable? Not unlikely. One more thing: Polls point to substantial social support for lustration, which is a shot in the arm for the morale of the center-right. "The coming elections will be a test of patriotism," said Romuald Szeremetiew.

#### \* Political Parties, Programs, Electorate Discussed

93EP0286B Warsaw POLITYKA in Polish No 24,  
12 Jun 93 p 11

[Article by Janina Paradowska; "Postshock Plans: The Electoral Campaign Will Be Sharp and Brutal"]

[Text] The mistaken dissolution of the parliament instead of the government has traumatized the so-called political scene on both sides—the side of the government and that of the opposition. It must be admitted, however, that the emergence from that shock has been quite swift. The first to come to its senses was the government, more or less last Wednesday. As early as last Tuesday, the meeting of the Council of Ministers resumed its old order of business and discussed the question of a concordat with the Apostolic See, which the by-then-future parliament is to consider, if everything goes well, in a few months. The concordat had been discussed at a time when the government was of the opinion that it could only administer, not rule. By midweek, however, the supporters of rule won over in the government, as Ms. Prime Minister publicly informed the uncertain public.

Toward the end of the week, the governing coalition began to recover from its shock. The coalition, or at least its opinion-making majority, had for some time adopted a stable view of the president's conduct—namely, that the president is much better at destroying things than at being constructive. Yet, unexpectedly, the president not only destroyed the parliament but, at the same time, offered a highly constructive proposal for the coalition to enter the elections in a united bloc so as to block the road to the extremist parties. He even promised his support, perhaps not disinterestedly, but still. The first to recover was Jan Lopuszanski, who rejected the president's proposal as soon as two days afterward. Later, the Liberals regained their voice and chose as their campaign chief Jacek Merkiel, who had already proved his skill as the

chief planner of Lech Walesa's campaign for the Presidency. As for the Democratic Union, it recovered from the shock with its customary decorum and, as soon as a week afterward, announced that it, too, will enter the elections on its own.

But, while the governing coalition was thus splitting itself, the oppositionist faction, calling itself for reasons not too clearly known the center-right, responded to the blow dealt by the president by uniting itself. The unification followed two scenarios: on the street and indoors. The on-the-street scenario was more spectacular, quite naturally considering that some 10 different, tiny parties, mostly with from five to 10 members each, led by so-called independent politicians, were uniting, and the entire undertaking was supported by NSZZ Solidarity, which, at present, is headed by Mr. Wrzodak of the Ursus Tractor Plant. To be sure, little is known about Mr. Wrzodak's past, while Solidarity was still in the underground (which is not that important anyhow, considering how many people were Solidarity activists then). On the other hand, he is well known for having organized protests against the-then Solidarity governments. He is, so to speak, a pure trade unionist, focused singlemindedly on fighting the rule of the "Udecja [Democratic Union]." The circumstances under which Mr. Wrzodak took over the reins of NSZZ Solidarity are as yet not quite clear, but somewhat indicative may be the fact that, while Mr. Wrzodak marched in the forefront and spoke out on behalf of Solidarity, the nominal chairman of Solidarity, Krzaklewski, who was not too certain what to do in the changed situation as regards the general strike, attended a conference somewhere in central Poland at a club having the distinctive name "Underground." The process of the on-street unification of the "center-right" was loyally supported by the NZS [Independent Association of (University) Students] and the skinheads. As for its indoors unification, that took place in Minsk Mazowiecki, to be sure to the accompaniment of peasant folk music, but to a smaller extent. At Minsk Mazowiecki, the parties of the former prime minister and the former minister of internal affairs entered into an alliance, meaning that the so-called shadow cabinet was resuscitated.

The emergence from the shock has been accompanied by the first decisions about electoral preferences. For the present, they are generalized decisions and chiefly concern campaigning style. The governing coalition, while coming apart, prefers a gentlemanly style and a so-called constructive campaign based on program planks. As a result, it may lose the elections gracefully and in a civilized manner, as it has already done so in the past.

The oppositionist "center-right" emphasizes getting results, and, for the time being, it is successful. It turns out that success can be assured by organizing demonstrations, most often partially illegal, that paralyze the principal communication hubs during rush hours (in cities divided by rivers, a good tactic is to hinder passage across bridges; in Warsaw, it is best to block two of the three active bridges—that is an important pointer for

future organizers of manifestations). It also is good if the illegal part of a demonstration is penalized by police truncheons. That produces a double propaganda effect: With the demonstrators beaten by the police, the opposition is made to look persecuted and oppressed (as during communist times), and, second, the shock to the media and the public can be doubled by the fact that the police were not intimidated by the mob and did not flee as they did when Lepper's supporters demonstrated in front of the Sejm building (not to mention their inglorious retreat from the Silesian Stadium). As a result, the media and the police are taking the side of the oppressed and express their sympathy for it. Even Messieurs Macierewicz and Kaczynski gained the complete sympathy of GAZETA WYBORCZA last Saturday—something they had not dared to even dream of as recently as several days ago.

Thanks to the street demonstrations, unlimited access to television is also gained, which, during an electoral campaign, is a priceless asset. As it moreover turns out—that being another valuable indication—the government's access to television is blocked. Last week, the former head of the Ministry of Internal Affairs, Macierewicz, soundly drubbed on television its present head, Milczanowski, who is said to have been refused access to state television, whereas we could view Mr. Macierewicz anytime and on any program on television. Thus, the battle for television was won unequivocally by the "center-right," which is hardly surprising when we consider that the fusion of the center-right took place under the patronage of a member of the High Council for Radio and Television Broadcasting, Mr. Dymarski, who, to be sure, under law is supposed to be nonpartisan, but how can one expect him in such feverish times to bother with such trifles as adherence to a law passed by a dissolved and already thoroughly humiliated Sejm? I shall thus be interested in keeping track of the explicitly partisan actions of other members of such a supposedly totally suprapartisan body as the National Radio and Television Broadcasting Council, especially considering that Mr. Dymarski was not the first. Its chairman, Mr. Markiewicz, also had supported the vote of no-confidence in the Suchocka government, apparently on the recommendation of the leadership of his party, Solidarity. Unless, in this case, a totally different issue was concerned—namely, a budget amendment regarding an appropriation bill for the National Council.

When viewing the entire panorama of the so-called Polish political scene, it is also worth bearing in mind that the KPN [Confederation for an Independent Poland] bore up fairly well under the shock because, owing to the "Desant" and "Rekawiczka" exercises, they are quite prepared to take power, while Chairman Pawlak of the PSL [Polish Peasant Party] is still in a state of deep shock and stubbornly reiterating what he had declared before the dissolution of the Sejm—namely, that he is ready to accept responsibility for the entire state because he has a program of action. The leftist democrats are also said to have a program, but they quite

reasonably are in no hurry to accept responsibility. On the other hand, the Labor Union party did succumb to the general mood and intends to put up candidates almost everywhere, which is causing some astonishment even among its greatest well-wishers in view of—to put it diplomatically—its inadequate organizational structure.

Generally speaking, the situation after the dissolution of the Sejm resembles what had existed before its dissolution. As it turned out, the government needed no laws, and now it can get along even without emergency decrees. It is the Sejm's image that is deep in mud as an institution to be blamed for every evil, and former parliament members continue to be depicted as a group of psychopaths with mostly criminal tendencies, which, of course, as I see it, is going to finally discourage from showing up at polling stations on 19 September that nearly 40 percent of eligible voters who did turn out for the last elections.

Does, then, the decision to disband the Sejm also mean the end of parliamentary democracy in Poland in its parliamentary-cabinet edition, or even in its semipresidential-system edition under the Small Constitution?

Yes, at present, that is how it definitely looks. I am not one of those who prophesy that there will be no elections at all on 19 September because it would be easy to exploit some extraordinary strike situation in order to postpone them. I do not believe, either, in those states of emergency predicted by the so-called center-right, which declares itself to be the camp of the sole genuine patriots. But I do not believe, either, that new electoral laws will work some miracle. Even if only six or seven parties are represented in the new Sejm, they will be so divided historically and in their programs that the formation of a stable governing coalition that would not compromise the principle of coalition government will become an objective just as difficult to accomplish as that which has already been "accomplished." Thus, following their transfer to the Belweder, the reins of power are likely to remain there longer, and Lech Wałęsa has been saying clearly what he wants a French-style Presidency. It is worth noting that the president is nowadays probably the only politician who is achieving his aims.

It may be that, had the elections been held two years hence, the parties would by then cope with their internal problems and program conflicts. An orderly political scene would favor the emergence of a more or less orderly parliament. The dissolution of the Sejm has caught the present system of political parties in a situation that is perhaps even worse than what it was before the 1991 elections. The 1991 system has largely collapsed, and a new one has not yet arisen. New credible leaders have not appeared. The political stage continues to be dominated by the same actors, often completely compromised but still having no intention of exiting. It is a measure of the downfall of Jarosław Kaczyński that his center-right demonstrations are said to include street squads of skinheads and that he has been rallying round himself almost exclusively political firebrands.

In its turn, it is a measure of the lack of preparation on the part of the Democratic Union that it is entering the elections under the leadership of Tadeusz Mazowiecki, a brilliant diplomat in offstage negotiations but hardly a popular campaigner because he lacks the combativeness of an Andrzej Celiński or a Władysław Frasyniuk. Thus, the Democratic Union is certainly counting on Hanna Suchocka, which can be seen as rather paradoxical considering that she is basically a conservative and her image would be better if she were leading some broader voting bloc, perhaps comprising parties ranging from the Democratic Union to the Polish Convention. Thus, I believe that the president's idea of forming an electoral coalition was rejected too prematurely and too impulsively. The reasoning that the big parties will somehow manage may result in the disappearance from the political scene of, for example, such smaller reasonable rightist parties as the Peasant-Christian Party (the sole peasant party that is not class-oriented), the Conservative Party, and the Party of Christian Democrats. Thus, the smaller but pragmatic conservative parties may be displaced by the so-called center-right—that is, by the bloc of professional lustrators and decommunizers, the camp of everlasting political unrest and striking incompetence in exercising power, a camp that may grow stronger owing to the support of NSZZ Solidarity, whose political sympathies clearly lean toward it.

At a time when demonstrators shouted "Thieves!" in front of the Office of the Council of Ministers and burned a banner with a pig painted on it in front of the Belweder, the governing coalition was signing a pact of mutual nonaggression at the Office of the Council of Ministers. That was surely a pleasant event in refined company; the only problem is that it hardly looked realistic against the background of what was happening on the street outside. In his electoral campaign, Professor Geremek will have to cross lances not only with Donald Tusk, considering that both are vying for the same electorate. What matters more is that, this time they both will have to confront those who shouted "Thieves!" and, to boot, the confederates of Mr. Moczułski, who already have set up roledexes with personal data on all of those participating so far in governance, as well as the "Network," which also will nominate candidates promising 300 million zlotys apiece to every Pole. They will also have to confront the Solidarity of Messieurs Krzaklewski and Jankowski, whose automatic response to anything is to call for a general strike, as well as the Social Democrats, who feel frustrated by their inability to enter as an equal partner on the political scene, and Chairman Pawlak, who dreams of being appointed prime minister, and also Self-Defense, which will force Chairman Pawlak to practice ever-greater demagoguery.

It thus is hardly likely that it will be a quiet, smooth, and constructive electoral campaign. It will be a campaign of empty promises, a campaign of mudslinging, of search for conspiracies and foreign agents. It already is one, and there is no reason that those imposing its tone should change their style and abandon the slogans and notions

proclaimed a few months ago for solving Poland's problems by quickly printing more money or by making a simplistic clean sweep of all of the former *nomenklatura* still in the government. To be sure, one good thing about it is that it will be a brief campaign, but surely it will afford enough time for all of the post-Solidarity elites, and not only them (for example, the accusation of being agents of outside powers may be extended to all of the political camps) to fall by the wayside in the electoral contests. GAZETA POLSKA has shown what it can do and that anyone can be a foreign agent.

There are many unknowns concerning the coming electoral campaign. Despite the first knee-jerk declarations, the coming shape of political alliances is still unknown. Not much has been revealed by public opinion polls, either, considering that the differences in support for particular parties, which is not always translated into meaningful electoral decisions, amount to just a few percent, and most parties exist within the 5-percent borderline shadow. Still, there exist certain reference points, more or less. The government will find it increasingly difficult to govern, not just because many of its members will be preoccupied with the electoral campaign—and there are people who think it would be to the general good should several members of the government focus on the campaign and leave the agencies they head in peace—but also because it will find itself under fire of criticism and, as the elections approach the end, will increasingly be tempted to make various gestures toward the electorate. As it happens, such gestures work best if they involve showering financial blessings.

The campaign will be sharp and brutal. Those are the rules of the game and not just in this country. Characteristic of the Polish situation, on the other hand, is the growing frustration of those lesser-ranking politicians who, despite the revolutionary changes in the system of society, have not yet exercised power or, in their opinion, exercised it for too short a time. And increased frustration means increased aggression, going so far as to knock out the adversary. En route, there are many other things to knock out besides, including the zloty. Who could have believed barely a few months ago that, perhaps, in defense of the zloty, one should again be photographed with Lech Wałęsa?

#### \* UOP Chief on Intelligence Issues, State Security

93EP0275A Warsaw PRZEGLAD TYGODNIOWY in Polish No 21, 30 May 93 p 5

[Interview with Jerzy Konieczny, chief of the Office of State Protection (UOP), by Krzysztof Kilijanek; place and date not given : "I Would Not Like To Have the Troubles of the Head of the FBI"]

[Text] [Kilijanek] Has Poland been infiltrated by foreign intelligence? Who spies on us and why?

[Konieczny] It is the job of every intelligence service to detect external threats that compromise the security,

sovereignty, and integrity of the given country. In addition, those services collect and analyze information of substantive importance to the country's international position and its economic and defense potential. If we keep in mind here Poland's geopolitical situation along with the changes in the economic and political system taking place not only in our country but also throughout the eastern bloc, the answer is simple: Yes, of course, we fall within the scope of interest of other countries' intelligence services. That fact is natural and logical. Poland is trying to enter Western Europe's economic, political, and military structures. So it is obvious that our reliability as a partner must be checked out, and that, among other things, is a job for the special services.

[Kilijanek] Many of them even have official agencies in Warsaw. What is the chief subject of information passed in both directions?

[Konieczny] Official residents of foreign intelligence services obviously exist, and I have to add that they serve a very useful function. First, they permit immediate contact in matters that all services actually face. I am referring here to issues such as international criminal structures, international terrorism, the drug trade, the laundering of "dirty" money, and the proliferation of various sorts of weapons. Of course, we have to realize that the existence of such residents does not mean permitting foreign services to increase their infiltration. Just the opposite. The overt nature of those structures is one assurance that such activity can be held in check. Nonetheless, the effective work of our counterintelligence is always the best safeguard. Counterintelligence has recently managed to effect a great reduction in the activity of the foreign intelligence services.

[Kilijanek] Inasmuch as we are discussing foreign services, what is your assessment of economic espionage in our country?

[Konieczny] Once we recognize that the interests of other countries are focused on such problems related to Poland as the strategy of transforming the economy and of converting state property to private property on the global plane, the scale of economic sectors, and sometimes even at the level of the various individual plants, it is obvious that those countries are trying to gain as much information on the subject as possible.

As I have already mentioned, Poland is working to be accepted into international economic structures, to gain access to the most modern world technology. We should also remember that, in the developed countries, the protection of local capital, both state and private, is well developed. So, if large amounts of foreign capital were to be invested in our country, attempts to determine the profitability of such an investment would always have to come first.

Another activity of foreign intelligence services in our country is the gathering of knowledge about Polish

science, scholarly research, and so on. Despite commonly held views, we are a very interesting subject in that regard, and we are subject to constant scrutiny.

[Kilijanek] What is your view in that connection, and what is your assessment of economic espionage in our country?

[Konieczny] That is an institution that is known and recognized worldwide, and no one questions its basic existence. The intelligence services operating in our country can be divided into two groups: those that are branches of foreign firms and those that are our own, local ones. The former specialize in obtaining standard information about certain economic installations and entities, as do some of the domestic agents. In short, they acquire information on the standing of a given firm, its bank rating, and so on. Such agents do not concern us. Gathering such information is a standard international procedure, but, among our own local Polish agents, there is a category that might cause us concern: those agents who, in addition to gathering the information I have been talking about, try to obtain "detective" information, such as personnel inquiries regarding members of boards or supervisory councils of a given firm. They do that in order to obtain information that could compromise certain figures. Such information, of course, could play a role in blackmail or bringing pressure to bear. Sometimes those very "agents" also offer services in connection with debts. Such firms cause us the most concern.

We also cannot exclude the notion that, in that way, attempts can be made to obtain intelligence in the strict sense. And here we have to say clearly that the problem consists of creating a system of global protection of state interests, of creating a system that will allow effective protection of those spheres that merit special protection, owing to broadly conceived state-security considerations.

[Kilijanek] Inasmuch as we have moved on to the subject of threat, are there any kinds of external dangers at the moment that are of particular interest to the services under you?

[Konieczny] At the moment, there is nothing to indicate that our country faces any sort of direct military threat, but military threats do not exhaust the list of external dangers. It is mere common sense for us to remember that the development of the political situation and the course of the processes of Poland's political and economic transformations will always be of interest to our neighbors and probably to others, too. Recent events are bound to have convinced everyone that there is considerable interest in Poland's defense industry. I do not think we will come out so badly in dealing with the problems that result. The assessments made in the press, which are simply...unfair, are another matter. Moreover, much of our agency is given over to fighting international organized crime. We are actually having ever-increasing success in that area.

[Kilijanek] And the question of internal dangers from anarchist, anti-Semitic, or fascist groups?

[Konieczny] Those phenomena you mention do, of course, exist. It is our job to identify them and to pass the information along to the appropriate bodies, which is what we do, of course. On the other hand, the legal consequences of that sort of activity falls outside the scope of the office's authority. I would just like to say that the scale of those phenomena is not great, although, because those groups' activities are often spectacular or sensational, you might get that impression.

[Kilijanek] The activity of marvelously organized international groups of criminals probably poses another grave threat.

[Konieczny] That is a new phenomenon in our country, and it is continually increasing. Organized crime is evident even where there are the best security services in the world. I have already said somewhere that I would not like to have the problems in that area that the director of the FBI faces. The fight to combat that sort of criminality and its effects depends on three factors: appropriate legal foundations, the competence of the agents, and the size of the financial outlays. Meanwhile, there is a lack of the funds necessary to effectively combat corruption, smuggling, and drug-trafficking. In that realm, we have created the foundations for cooperation with neighboring countries. We are also engaged in detection operations.

[Kilijanek] The Office of State Protection is entering its fourth year of operation. Can you say anything about strengthening its structures or about successes and setbacks?

[Konieczny] Well, it is not up to me to evaluate the office's services. Please ask my superiors about that. All I can say is that we have a long way to go to reach our ideal. There are many reasons for that. Time has shown that the concept of the UOP [Office of State Protection] as a small elite service handling the classic problems of intelligence and counterintelligence has not proved itself entirely. Reality has produced new pathological phenomena that we will have to deal with. That is the reason, for example, for the proposed changes in the UOP law. I hope the changes will be passed soon.

\* **Consequences for Poles of German Asylum Law**  
*93EP0275B Warsaw POLSKA ZBROJNA in Polish No 97, 20 May 93 pp 1-2*

[Article by Robert Kowal: "Consequences of Asylum Agreement With Germany: Money Will Not Be of Much Help Here"]

[Text] A stack of colored brochures advertising German construction firms lies on the desk of the internal affairs minister's plenipotentiary for refugees. The telephone rings time and again, the callers trying to sound convincing as they describe how their rest facilities are best

suites to refugees. It is true that the Bundestag has not yet passed the new asylum law, but it is already possible to make a great deal on the basis of the Milczanowski-Seiters agreement, and many people would like to take advantage of that possibility.

#### Most Liberal in Europe

The German public, unhappy with the mass influx across their borders of thousands of foreigners usually motivated by economic incentives, has pushed for a new, far more rigid asylum law in the FRG. Foreigners have been coming into Germany under one of Europe's most liberal constitutional laws on asylum and most generous social legislation. The Social Democratic opposition in the Bundestag warned that it would not support the law until the Government of the FRG signed a bilateral agreement with its eastern neighbor, taking from Poland a significant share of the burden that would result from Germany's deportation of all of the foreigners refused asylum who had previously entered Poland illegally.

The internal affairs ministers of Germany and Poland signed the asylum agreement at the beginning of May. The agreement guarantees that the German side will give the Polish side 120 million DM [German marks] in two payments. This year, DM40 million are to come in for 10,000 people who did not receive asylum. The rest will be paid next year. The funds are allocated to build up the refugee infrastructure, strengthen the borders, and protect public order in border regions, along with safeguarding deportations.

The agreement has reduced the whole misery of the Polish asylum system. There are, at present, 1,050 refugees in our country under constant care in centers. There are 400 people, mainly children from Osijek, Yugoslavia, in two comfortable rest houses in the Bielsko Biala and Jelenia Gora Voivodships, under the care of the local voivodship governors. There are 400 more, also evacuated from the former Yugoslavia, living in six centers administered by the Polish Red Cross. There are two centers for 250 people, in Debak and Warsaw, that are directly under the Warsaw migration and refugee office of the Ministry of Internal Affairs. Some people have been in Poland for several years now, and some are only now going through the asylum procedure.

Today it costs 4 million zlotys [Z] per month to keep the refugees. The costs include lodging, food, soap and hygiene, medical care, schooling for the children, and minimal pocket money—Z150,000.

No one has analyzed how many foreigners readmitted to Poland might ask us for asylum. The Germans cannot even determine how many illegal immigrants came into Germany by crossing the Polish border.

Assuming, however, that once the new law goes into effect the Bundesgranzschutz will deport across the Oder River half as many as were deported last year—a total of nearly 12,000 in 1992—it is easy to estimate that the wave of refugees from Germany will cost us nearly

DM1.5 million each month. It is true that only a few of those deported last year asked Poland for asylum, but it is hard to imagine that the ratio this year will be the same as last year, now that legal residence in the FRG is practically impossible.

Some refugees are satisfied with a return ticket home. Others will need no more than food and lodging. Many, on the other hand—those who have no place to go back to—will ask for long-term refuge, the sort of assistance provided by refugee centers. Meanwhile, the money is "supposed to" come from Germany. No allocation of resources has been made yet among the various institutions within the internal affairs ministry that are involved.

Tomasz Kuba-Kozlowski, the minister's plenipotentiary on immigration and refugees, does not appear to be concerned with the possibility of a stormy future scenario. He believes in the power of the technical protocol on readmission, which implements an evidentiary procedure. According to that procedure, the party (country) receiving the deportees must be assured that those people have entered its territory illegally. The Border Guard National Administration's Investigation and Detection Office is looking out for our interests in that area. For example, a refugee detained in Berlin has no sign on his forehead saying he crossed the "green border" from Poland.

Kuba-Kozlowski thinks that the refugee center could be open for four hours and prepare soup within an hour. Many vacation centers in our country stand empty for lack of guests, and using them would not be a problem. Meanwhile, the large wave of people who have been deported from the other side of the Oder River are just a mirage. For that reason, the plenipotentiary's office has no immediate plans to lease facilities. For the moment, offers coming in from owners are merely being analyzed.

Plenipotentiary Kuba-Kozlowski is also flooded with offers from German construction firms that specialize in the rapid assembly of residential facilities. In the protocol signed along with the agreement, the FRG has seen to its own economic interests by specifying that Poland must buy from German firms half of its direct purchases to create the refugee infrastructure.

#### Department With No Employees

Cost is one of the important criteria under negotiation. Up to now, the cost of staying in a camping facility near Warsaw has been several times that of lodging in a room with bath in the countryside because the owners are simply covering the direct costs. Owing to high prices, the Otwock center was recently closed and moved to Warsaw.

The real problem, though, is the shortage of properly trained staff to work with refugees, and not even a large input of funding will solve that problem. What we need is time. We need social workers for the new centers. A staff for regional refugee offices is essential. It is also

crucial that we expand the central office, despite its murky history during the past year and its dismal future. It employs 38 persons crowded together in an old building on Koszykowa Street. The building now always has mold on the walls, and once applicants are invited to sit down, the chairs collapse.

The Kuba-Kozlowski office has had the rank of a department within the Ministry of Internal Affairs, but, as in other government units, the "block of slots" rule prevails. That means that there are 10 persons here handling applications for refugee status, and then four reviewing them. The ultimate decision rests with the internal affairs minister, but the plenipotentiary acts on his behalf. The administrative code describes the procedure, and, given the increased number of immigrants seeking the right to remain in Poland, it is difficult to imagine how all the people involved could be properly served, unless special regulations are enacted.

The Polish refugee system should be decentralized. The law on foreigners in force today was written in 1963 and is the oldest in Europe. It underwent minor amendment two years ago, when provision was made for refugees and centers for deported persons, but not a single institution was created because, immediately following the amendment's ratification, the Constitutional Tribunal protested the amendment and issued an opinion stating that it violated the Constitution of the Polish Republic.

The Sejm has not yet had time to take those matters up again, and, if it does nothing during the next two months, the Tribunal's declaration will go into effect. As a result, it will not be possible to deport anyone to this country.

#### Ridding Poland of Undesirable People

At the present time, any effort to exclude undesirable people is useless. According to data from the Border Guard National Administration, Poland last year deported more than 5,500 people, most for illegal entry, illegal residence in Poland, or falsification of documents. A persona non grata may ask for an administrative visa in his or her passport. Such a request is made because an administrative visa gives the person immediate entry into Poland. There is, in fact, no one to enforce the persona non grata provision.

Aware of the flaws in Polish regulations, some foreigners feel free to act with impunity. If the district attorney does not ask for detention pending further deliberations, such a person can be held only 24 hours following police arrest. No one at the border traffic-control office of the Border Guard National Administration could tell us how many refugees had actually left our country. The agreement with the Germans specifies that money "should be coming," but there are still no signs that any deportation law will be passed.

A bill to amend the law on foreigners has been before the Sejm for many months. It contains provisions to allow the monitoring agency of the appropriate border facility to grant refugee status. There are to be regional offices, where foreigners' applications can be evaluated. Until now, they all had to go to the country's sole facility in Warsaw, and it is difficult to imagine how a similar system of operations can remain in effect, if there is a sudden mass influx of refugees from Germany. The voivodship governors must be given the authority to pass on refugee immigration applications. It should also be their function to manage the refugee centers in their realm.

Director Kuba-Kozlowski says that immigration movements are an objective factor and that the world has 20 million refugees. Hungary, for example, is unfortunate: On the other side of its borders lie countries that are at war. It has seen an influx of 60,000 refugees from the former Yugoslavia. The foreigners Poland has taken in could be valuable members of our society. Has anyone in our country considered what the world would be like if, just before World War II, no one had been willing to take in a refugee from Germany? One of those people would have been Albert Einstein.

#### \* Main Points of 1994 Draft Budget Outlined

*93EP0276B Warsaw RZECZPOSPOLITA (ECONOMY AND MARKET supplement) in Polish 19 May 93 p 2*

[Article by Piotr Aleksandrowicz: "The Public Debt Is a More and More Nagging Problem"]

[Text] It seems silly to talk about next year's budget when we are in an uproar over this year's. However, it is worth considering what we realistically may expect from the coming year. The state of the economy in the first months of 1993 indicates that the forecasts that formed the basis for this year's budget are generally coming true.

Condition: The president should not sign the pension law.

Given that assumption, we can attempt to describe the year 1994:

- An increase in the national product of approximately 4 percent. Variants projecting 6-7 percent are less realistic and constitute a kind of ideological statement rather than a forecast.
- A deficit of 3.5-4 percent in the GNP [gross national product].
- Inflation (December 1994 to December 1993) of 23 percent, and an average for the year of approximately 28 percent.

Here we should note that the so-called price consequences passing over from 1993 will probably amount to approximately 12 percent, and perhaps somewhat more if it turns out that the price incentive resulting from the introduction of the VAT [value-added tax] is higher.

In turn, next year, the VAT for energy will increase in midyear. We must also expect a subsequent reappraisal of some fixed assets, changes in official prices at least up to the level to compensate for inflation, the results of devaluation, and the like.

If inflation is 0.5 percent per month (that is, that inflation that does not result from central-governmental decisions), the total increase in prices over the course of the year could decline to a level below 20 percent (in the January-December period), with an average for the year at certainly about 24 percent. However, it seems more reasonable to assume the given values of 23 percent and 28 percent.

In this situation, the budget deficit in 1994 should shape up at 70-80 trillion zlotys [Z]—that is, nominally the same level as this year's deficit or somewhat lower. A higher deficit will render it impossible to reduce inflation to the prescribed level. The national product in 1994 would be approximately Z2.07 quadrillion, but that is not certain because it is not known exactly what the GNP will be this year. At present, it is estimated at Z1.56 quadrillion.

A reduction in inflation should yield a reduction in the interest rate to a level of approximately 2 percent per month.

The currency rate of exchange should ensure that the value of the zloty is maintained. That means that, given declining inflation over the course of the year in Poland and taking into consideration inflation worldwide, the degree of devaluation at the end of 1994 should be reduced perhaps to approximately 1.5 percent per month.

#### Simulational Calculations

The several dozen various simulational variants (the program of Prof. S. Gomulka was used) have resulted in very important observations.

In the first place, given a budget deficit of 4 percent of the GNP, the rate of inflation is 39 percent. With a deficit of 3.5 percent of the GNP, the rate of inflation is 37 percent and not, as we assumed, 28 percent. Those are the consequences of the high deficit last year and the relatively high deficit this year. The persistence of inflation at a level of 2-3 percent per month may be explained precisely in that way. A portion of central-governmental decisionmaking adjusts prices to the rate of inflation alone, which is determined by the deficit.

What is more, calculations assuming that the deficit will be maintained at this year's level for several years (approximately 5 percent of the GNP) resulted in an inflation rate within the range of 50 percent, while attempts to increase the deficit to 6-7 percent of the GNP resulted in a rate of inflation of 60-70 percent.

How, then, can a lower rate of inflation be attained? It may be assumed that credit for the economy will be reduced. Foreign-exchange reserves in the banking system can also be reduced. If those reserves were reduced by approximately \$1 billion in the coming year, in our calculations we would manage to attain an average inflation rate of 28 percent for the year, with a budget deficit of 3.5 percent of the GNP (approximately Z75 trillion) and credit maintained at a workable level for the economy.

With a deficit of 4 percent of the GNP (approximately Z85 trillion), in order to achieve an inflation rate of 28 percent, practically speaking, credit for the economy must be reduced by approximately 3 percent. If credit were reduced but the deficit amounted to 3.5 percent of the GNP, the average rate of inflation for the year would amount to 26 percent. All of these variants seem possible because the demand for credit expressed by good enterprises is limited.

However, the incentive in the form of the use of some reserves cannot be abused. In 1995, we would have to assume a certain increase in those reserves in accordance with an increase in import and export. Hence, it seems that maintaining the deficit for two to three years at a level of 3-4 percent of the GNP would again cause an increase in inflation of several points, to a level above 30 percent on the yearly average. That seems to point to the need for a gradual but consistent limitation of the budget deficit in the future, as well, although the views on that subject are extremely diverse.

#### Income and Outlays

Then let us assume in our discussion on the budget that inflation is 28 percent and that the GNP will increase by 4 percent. The simple multiplication of planned income for this year by the inflation index and the increase in the GNP yield approximately Z577 trillion in income in 1994.

That probably indicates the need to assume income at a level of Z530-550 trillion. From the "Pact on the Enterprise," we derive that it is difficult to expect higher revenues from dividends and the *popiwek* [tax on above-the-plan growth of wages]. Moreover, the different method of calculating the PIT [personal income tax] payments-on-account this year, comparatively speaking, will reduce revenues next year. In addition, there is no definite level of enterprise profitability. Shifts in the thresholds of taxation with regard to the personal tax seem certain following this year's experience. All in all, the simple increase in earnings by the inflation index and the increase in the GNP would be a sign of excessive optimism.

Of course, it may be assumed that the GNP will grow by 2 percentage points more, which theoretically will yield income of Z10-12 trillion more, but that seems rather wishful thinking.

Outlays, assuming that they are maintained in real terms at this year's level, would amount to somewhat more than Z650 trillion, with a deficit of approximately Z100-110 trillion, which would actually approach this year's rate or would be somewhat higher (5 percent of the GNP). However, the realization of the assumptions on the rate of inflation and on interest rates would be practically impossible. What is more, financing such a deficit is not possible in the banking system. Foreign financing will probably be negative, and the readiness of the NBP [Polish National Bank] to print empty money seems limited.

Next year, the servicing of the public debt undoubtedly will bring additional tensions in the budget in terms of outlays. The point of departure (that is, the public debt) will be higher at the end of 1993, and repayments of the foreign debt will also grow.

Even if we take into consideration a reduction in interest rates in Poland, the costs of servicing the public debt would surely increase from less than Z60 trillion to approximately Z110 trillion, or they would practically double by comparison with the current year. The servicing of the domestic debt would constitute the majority. In general, the increase in the costs of the public debt is a key budget problem for next year. It signifies the need to hold certain outlays at a realistic level.

The scale of difficulties may be expressed in the following way: Let us assume that, in the budget for 1994, outlays for subsidies and investments would be frozen at a nominal level. That would mean a saving of less than Z12 trillion. The freezing of subsidies for social insurance would yield a saving of Z32 trillion. A reduction in employment in the budgetary sphere of 5 percent would yield approximately Z8 trillion. The introduction of the valorization of benefits depending upon the rate of inflation and not on an increase in wages could be considered. Assuming an increase in real wages in the coming years, that would make possible the restoration of more reasonable proportions between the average wage and the average pension. However, the savings in 1994 would amount to less than Z10 trillion.

The question of how far it would be possible to increase taxation discipline in two groups of enterprises—the smallest ones and those in arrears in tax payments to the budget—is an open one, as is the tightening of limits, and so forth. However, pragmatically speaking, possible additional income could make the implementation of

the budget more probable, but the structure of the budget should not be based on doubtful income.

It seems that the creation of a reasonable budget for next year will require deciding whether the government—to put it bluntly—wants to ensure economic growth at the expense of certain social groups. Otherwise, the budgetary status quo, which engenders little hope, will be maintained.

#### \* CUP Favors Development Policy Over Inflation Control

*93EP0276A Warsaw RZECZPOSPOLITA (ECONOMY AND MARKET supplement) in Polish 21 May 93 p 5*

[Article by K.J.: "A Battle With Recession and Not With Inflation"]

[Text] The continuing of past economic policy is leading to increased unemployment. That is the opinion of the Central Planning Office [CUP]. In the already prepared "Socioeconomic Policy Assumptions for 1994," CUP proposes that the government "change its way of thinking about the economy" so as to achieve economic growth of 6-7 percent next year.

Let us begin with those things that the CUP thinks should not be changed in 1994. They are: the principles of calculating pensions and annuities, the principles of paying out unemployment benefits, and taxation regulations (only thresholds on the income tax scale and rate reductions in effect would be raised).

Curbing the increase in unemployment is to be a basic goal of government policy in 1994. For that reason, all other CUP proposals are to serve economic revitalization.

#### Rate Reductions for Investors

A general rate reduction will be put into effect in the income tax for investors. The Assumptions define that as a "reduction in the income tax on a part of the income designated for investment." The rate reduction would affect both direct investments and the investment outlays of economic organizational units. The nominal rate of income tax on corporate bodies would be reduced to 37 percent if they earmarked their profit for investment purposes. Former tax-rate reductions would continue.

#### Changes in the Interest Rate Policy

CUP proposes that the interest rate be designated (by the Polish National Bank [NBP]) on the basis of anticipated changes in the prices of investment goods and not consumer goods, taking into consideration the projected and not the current rate of inflation.

The government also proposes the introduction of a preferential interest rate on investment credits. The

difference between the interest rate on commercial credit and the preferential rate would be covered by the budget.

#### Tax Relief in Regions Threatened by Unemployment

In those regions, a maximum of 50 percent of the amount of investment outlays would be subtracted from income after that amount is reduced by the subsidies received from the state budget designated to cover such investment outlays.

#### Credit for Regions Threatened by Unemployment

CUP proposes that subsidies should not be distributed to finance investments generating new work stations in regions threatened by unemployment. Those funds would be designated to finance a reduction in the interest rate of investment credit for that purpose.

#### Bank Credit

We read in the Assumptions: "Within the framework of activities related to restructuring the economy, the NBP will make it possible for banks to activate credit supporting the activities of enterprises that have government-approved reform programs."

#### Stimulating Export

To develop foreign trade, the following will be created:

- The Export Credit Insurance Agency (short-term and mid-term insuring of export credit against financial risk, midterm and long-term guarantees, and direct credit).
- The Insurance Association (services investment projects of over \$5 million and higher-risk projects).

Funds for the association's activity would come from bank foreign-exchange reserves (up to \$1 million), voluntary payments made by the banks that make up the association, and, possibly, the turnover funds of foreign trade enterprises.

#### Obligatory Payments

CUP proposes the following new forms of accumulating funds:

- The introduction of a legal deduction from the income-tax base of private individuals—the contribution to maintain schools, regardless of the type of ownership of the school.
- The introduction of the citizen's contribution to pension-annuity insurance (that contribution should be accumulated in individual accounts).
- The introduction of a fee on every import transaction involving the import of machinery and equipment and every foreign purchase of a patent or license.

#### The Rate of the Dollar

CUP assumes the "stabilization of the rate of the dollar in the real sense."

#### Official Prices

CUP proposes that the government restrict increases in official and controlled prices to the indispensable minimum emanating from changes in the currency rate of exchange.

#### Public Finances

CUP proposals include the proposal that the government induce banks to change the structure of public debt, increasing the share of long-term instruments in servicing that debt. There would be no reappraisal of the value of fixed assets.

#### Two Variants

CUP is presenting the government with two variants of economic policy. In the first variant, previous economic policy would be maintained. According to CUP calculations, that policy will lead to an increase in unemployment for a half-million people, which will cost the state budget an addition 7 trillion zlotys. Economic growth will approach this year's amount of 3-4 percent.

The second variant will build on the assumption that antirecessionary mechanisms will be introduced "even at the expense of a certain acceleration of the rate of inflation." The GNP [gross national product] increase would amount to approximately 7 percent.

**Basic Macroportions in CUP Assumptions  
(1990 Prices)**

Item	Unit of Measure	1992	1993	1994	
		Projection		Variant I	Variant II
Total value as a whole	Trillion zlotys	1,155.6	1,189.2	1,221.3	1,266.5
In industry	Trillion zlotys	524.3	545.3	561.6	580.7
In construction	Trillion zlotys	120.0	120.0	123.6	127.8
In agriculture	Trillion zlotys	89.5	85.0	86.3	86.7
In trade	Trillion zlotys	132.0	139.9	146.9	149.7
Product utilized domestically	Trillion zlotys	513.0	523.1	533.5	555.9
Consumption as a whole	Trillion zlotys	395.9	400.3	402.2	417.6
Individual consumption	Trillion zlotys	292.6	297.0	301.0	310.7
Collective consumption	Trillion zlotys	103.3	103.3	101.2	106.9
Accumulation	Trillion zlotys	117.1	122.8	131.2	138.3
Rate of investment	Percentage	21.85	22.5	23.61	
Import in dollars (current prices)	Million \$US	15.7	16.4	16.9	17.4
Export in dollars (current prices)	Million \$US	15.9	16.8	17.2	18.2
Foreign trade balance (in dollars)	Million \$US	200	400	300	800
Per capita GNP (in constant prices)	Million zlotys	13.97	14.345	14.587	15.302
Per capita consumption as a whole (in constant prices)	Million zlotys	10.321	10.403	10.421	10.818
Employed in the national economy	Millions of people	15.371	15.1	14.7	15.2
Number of registered unemployed	Millions of people	2.509	3	3.5	3
Unemployment rate	In percent	13.6	15.9	18	15.3
Midyear inflation	In percent	43	40	32	36

## Federal

### Report on Spring Planting, Harvest Expectations 93BA1101D Belgrade EKONOMSKA POLITIKA in Serbo-Croatian 24 May 93 p 15

[Article by P. Ursic: "Pinocchio Waits for the Harvest"]

[Text] *The planting plans have been fulfilled. It is far from optimum, however, because higher prices than admitted were paid for oil and artificial fertilizers.*

Of the planned 2.5 million hectares, 95 percent of the land was planted as of 8 May. In view of the extremely strong pace of the planting, 100,000 hectares a day, it can be said that the spring planting is virtually finished.

There were 150,000 hectares planted with spring grains (wheat, barley, oats, and rye), i.e., 15 percent more than planned. It is expected that the areas sown with rice will exceed the planned 1.5 million hectares by 50,000 hectares. The reasons for the increase in grain and corn fields are primarily the failure of the planting of soy beans (of the planned 85,000 hectares, 60,000 were planted) and sugar beets (instead of 105,000 hectares, only 72,000 hectares were planted). The size of the fields planted with sugar beets was further reduced by "attacks" by weevils, so 10,000-15,000 hectares were replanted with other agricultural crops, primarily corn. The sunflower planting plan was exceeded by 2,000 hectares; 192,000 hectares have been planted with sunflowers. The plan for planting vegetables and fodder plants has been 90-100 percent fulfilled.

It is obvious that we will face a shortage of sugar next year, as recently stated by Federal Agriculture Minister Koviljko Lovre. Also, the reduced areas planted with soybeans will make the already present problem of producing high-quality livestock fodder, which is highly import-dependent in any case, even more definite. Then could the harvest of other agricultural crops expected with average weather conditions satisfy domestic needs next year?

#### Effect of Shortages

There are several reasons why it is difficult to give an explicitly affirmative answer to this question. With the exception of natural delays in vegetation, the shortage of diesel fuel and the general uncertainty led to having the planting of a significant portion of crops done outside the optimum agrotechnical periods. With respect to wheat, that portion amounts to 30 percent. Artificial fertilizer producers are being given credit for producing 70 percent of the fertilizers required. The requirements, however, were substantially reduced by the plan, and the total amount produced is dominated by nitrogen fertilizer, with a 93 percent share—there was faith in the reserves of potassium and phosphorus in the land. Although the Federal Ministry of Agriculture states that 80-90 percent of the pesticides have been provided, the big question is how much they were actually used, since

their price was too high for most farmers. In the meantime, people will not be just looking at the sky and counting the clouds. The federal and republic governments are expected to begin preparations for the harvest in time; officials should make a great deal of adjustments in the known practice of providing and especially distributing the fuel and artificial fertilizer needed for the fall planting.

#### Good Geppetto From Topcider

"Measures for the next work will soon be adopted separately. The harvest job has absolute priority," Milan Prostran, under secretary in the Federal Ministry of Agriculture, announced at a press conference on 13 May. Prostran, however, is concerned about the situation in the food industry, which is highly import-dependent, and which is therefore considerably more vulnerable to the effects of the international sanctions than primary agricultural production. A particular problem is the drastic decline in the population's buying power—social policy measures are necessary. In other words, even if the necessary amounts of fuel are provided to gather a sufficient amount of crops and even some surpluses without hindrance during the upcoming harvest, we may face the impossibility of finalizing them as food products, or the disastrous situation of having no one to buy those products.

No less of a problem is the purchase of farming and other agricultural products. A new methodology for determining support prices and parity ratios is in progress. Whether greater promptness by the federal government, which has jurisdiction over this job, can contribute to having support prices "walk" in step with the world-record inflation, and how to ensure financial coverage for such an undertaking, are unfortunately questions to which it is not difficult to find an answer.

In fact, the old problem of the prices of agricultural products and the policy of financial incentives for farmers has become particularly difficult during the 12 months under the sanctions. There are no real funds for these purposes, and the fact that only 70 percent of the total funds from the primary issuance approved by the National Bank of Yugoslavia [NBJ] for agriculture during the second quarter of this year have been used should be interpreted more in terms of the enormous irregularities in distributing them than the generosity of the Council of Governors, to which the statement by Ratko Banovic of the NBJ at the Novi Sad agricultural fair can be reduced. Even though by the middle of this month the money supply was increased about 27 times compared to the beginning of the year, Jovan Petrovic, general director of the NBJ Research Center, said that "The pressure on the NBJ to increase the money supply is growing day by day," like, after all, the competition among the potential recipients, among whom agriculture is only one in a rather long line. The harsh reaction by the representatives of the textile, leather, and footwear industry at the Serbian Chamber of Commerce to the announcement that the federal government had not

allocated even a dinar in issuance support to them is illustrative. They pointed an accusing finger at resourceful "lobbyists" from the construction and machinery sector.

In circumstances like these, how can farmers recoup all their investments, which were tremendously large this year because of attempts to cope through the black market for oil and artificial fertilizer? "The fact is that the oil was bought at prices considerably higher than admitted. That has to be taken into account—to what level remains to be seen," Prostran said, without, however, leaving much room for hope that the attempts "at least to maintain production if not expand it" would be fulfilled.

The farmers have thus sown foreign exchange, but what they will harvest remains to be seen. We will all delight much more in an end to the story like the "happy ending" of "Pinocchio," who planted gold coins in the belief that they would bear fruit, than a child whose first ideas of the danger of gullibility came precisely out of Collodi's novel.

### Kosovo

**Republic of Kosovo Movement Calls For Action**  
*93BA1140A Skopje VECER in Macedonian 7 Jun 93 p 6*

[Letter from the illegal "Movement for the Republic of Kosovo" to Ibrahim Rugova: "Action on the Ground Threatens"]

[Text] Pristina, 7 June (Makpres). The organization of street demonstrations and the warning that "we shall not sit with our arms crossed," was the threat issued by the so-called National Movement for the Republic of Kosovo (NDRK) in the letter sent to Ibrahim Rugova, the leader of the Kosovo Albanians, according to Makpres.

Accusing Rugova of confusing the people with his "vague political actions and that it is high time to act against the Serbian occupation of Kosovo," the NDRK issued the following instruction in its letter: "You could lead the people to the streets and take them off the streets, should you determine that matters could reach the stage of provocation or more extensive confrontations."

The "National Movement for the Republic of Kosovo" is an illegal organization with a Marxist orientation, headquartered in Switzerland. The letter to Rugova was sent from Pristina and was addressed to the "comrade chairman."

### Macedonia

#### \* PDP Chairman Aliu on Ties to UN, Parties

*93BA1049A Skopje NOVA MAKEDONIJA in Macedonian 16 May 93 p 2*

[Interview with Estref Aliu, PDP (Party for Democratic Prosperity) chairman, by Panta Dzambazoski; place and date not given: "Still, We Remain a Balkan People!"]

[Text] *The Republic was able to avoid the war thanks to a wise and measured foreign policy. More significant, however, is the role of the Albanian political factor. This situation in Macedonia could not have been achieved had it met with the opposition of the Albanians. The lobby in the diaspora could act jointly. The problem is not with us but with the destructive divisiveness and futureless orientation of the forces of the Macedonian national bloc.*

Estref Aliu, a representative from the Party for Democratic Prosperity, needs no special introduction. He is known by virtually every single citizen who watches the televised sessions of the Macedonian parliament. Possibly, most people are left with the impression that Estref Aliu, as a democrat by persuasion, and a representative who frequently, when passions are seething and the representatives are about to forget good and civilized manners, takes over and insists on calming down the spirits. As the brightest feature of his political commitment, Aliu represented the Republic of Macedonia as member of the state delegation that attended the ceremony of the acceptance of our country by the United Nations. For whatever reason, in answering questions, as a wise politician or as an outstanding voice among his colleagues, regardless of their party, Aliu has avoided to answer questions about the internal divisiveness within the PDP, particularly the division into "democratic and hard lines."

[Dzambazoski] Mr. Aliu, you have been a witness to and a direct participant in the most crucial periods and resolutions concerning our country after it became independent. All this was crowned by the acceptance of the Republic of Macedonia as a member of the United Nations and its greater international recognition. Could you give us your assessment of these past events?

[Aliu] The easiest thing a person could do in such crucial historical times is to be a witness of everything happening around him. I could not stand aside for the very reason that I held the position which I hold to this day. Yet, in order to witness all such events one must take a side. The moment you take a side, you are immediately in danger of being wrong, or else you turn out to be right. Nonetheless, both in the past and today, I have based my views on my personal view of things and my personal convictions, naturally within the framework of the party to which I belong. Looked at from this viewpoint, in the past period in our Republic a number of things have happened which could not be avoided in a society that,

breaking the previous limits, had to be built, as well as many things that, at least in my view, did not have to happen.

I believe that the Assembly passed important resolutions on the situation and on developing Macedonian statehood. This means that the past period could be considered positive, if we take into consideration that today Macedonia is a member of the United Nations, that it has been recognized by a number of countries, and that it has developed the clear outlines of a society aspiring toward full democracy. However, innumerable things occurred that should not have occurred as they did, things that, had we acted somewhat more rationally and had we been somewhat more daring and wiser, would have been resolved better and less painfully. I am referring, above all, to attaining a greater understanding within the parliament and, above all, getting rid, once and for all, of the view that this state is more important to some and less important to others. The simple reason is that if Macedonia is considered more important by a given ethnic group and less important by another, as such, it would be difficult for it to survive.

[Dzambazoski] The Republic of Macedonia is the only one that managed to acquire its independence while avoiding war. Furthermore, its very acceptance as UN member did not trigger a military conflagration. How did our state manage to accomplish this, and what were the deeper reasons for it?

[Aliu] I believe that the wise and measured foreign policy pursued by the Republic of Macedonia deserves great credit for this outcome. In this context, the role that the Albanian political entity played in Macedonia, whose main aspiration is the preservation of the peace and the building of the future of a contemporary and modern state of equal people, is significant. To some people this may appear excessively tendentious and irksome. However, it must be made clear to everyone that if the Albanians did not wish to have a sovereign Macedonia a sovereign Macedonia would have been difficult to have. Some of the ethnic parties are aware of this. However, for reasons known only to themselves, they minimize this fact and would like to deny it. Facts are facts, however, and sometimes they can be proved most simply, such as: Could a state exist if the second largest ethnic group within it opposes its existence? It is precisely for such reasons that an agreement must be reached among all groups and especially between Macedonians and Albanians, to ensure guarantees for a joint and equal future.

[Dzambazoski] Nonetheless, the party to which you belong had some reservation about the membership of the Republic of Macedonia in the United Nations, and demanded guarantees for certain rights for the Albanians. The PDP held the view that no party representative would go to New York on the occasion of the acceptance of Macedonia. You went to the United States as a member of the state delegation.

[Aliu] I considered my presence as a member of the Macedonian delegation at its acceptance by the United Nations a responsibility and, therefore—and why not?—as something particularly satisfactory, for this actually began to prove the existence of our own state as equal to all other countries. Is it not entirely natural for our state delegations to include Albanians?

[Dzambazoski] As a representative, a politician, and an Albanian, what were your feelings at the ceremony in the UN building?

[Aliu] Since you are especially interested in the way I felt as an Albanian, let me briefly answer you that I felt the way all the others felt: as a person representing his country.

[Dzambazoski] A delegation of distinguished Albanians from overseas, but of Macedonian origin, congratulated President Gligorov on the acceptance of the Republic by the United Nations. What was their view on the situation in the Republic of Macedonia?

[Aliu] Politically aware Albanians in the diaspora, specifically in the United States, warmly congratulated its president, Mr. Kiro Gligorov, on the acceptance of his country as member of the great worldwide family of states. They also raised a number of issues on the more short-term possibility of their involvement in promoting the economic and political prosperity of Macedonia. They wanted to be informed by their president of the difficulties concerning the democratization of the Republic and its future in a Europe without borders. They also wanted to receive assurances concerning the real formulation of the official policy of a state of equal citizens, regardless of national and religious affiliation. They were satisfied and most warmly thanked the president, assured that Macedonia, internationally recognized, will quickly take specific steps to achieve equality for all. For example, unquestionably the consular and diplomatic missions in the United States will include Albanians. This would guarantee the fact that the lobby in the diaspora will be able most quickly to act together.

[Dzambazoski] Let us turn to the Macedonian parliament in which two different worlds seem to exist: the VMRO-DPMNE [Internal Macedonian Revolutionary Organization-Democratic Party for Macedonian National Unity] and the PDP. What future steps could be expected to be taken by the parliament in the domestic area?

[Aliu] I would like to believe that we are taking the steps that will help us to follow the right way. My impression is that we are doing this extremely timidly, as though we are afraid to do what must be done and should be done as soon as possible in the interests of everyone. I believe that we have too many prejudices (on both sides). I look at the future only in terms of granting and demanding specific firm guarantees for the joint future of all of us who live here. Everything else should become a function of this objective. I believe that we are capable of doing this. The professional and intellectual potential is

present, and all that we need is to use it and to realize that there is no other option. This potential can be powerful enough to suppress all extremes that appear and would like to impose themselves on everyone. If we succeed in this, it will justify the televised coverage of the Macedonian Assembly.

[Dzambazoski] The view is that you are a democrat and that you are the leader of the democratic trend within the PDP. Is Estref Aliu a "lone rider" and do you believe that the future of this country belongs to the parties that will lean more toward a civil option?

[Aliu] The PDP is a civil party. This is not the time to claim that the situation is very difficult, particularly when one is surrounded by people who are unwilling to understand him or who deliberately try to present him in a different light, as the type of person they would like him to be instead of understanding him rightly and thus achieving real results. The PDP and its parliamentary group acted, in principle, constructively. I consider this to be the most significant feature. Hence, in general, I am unquestionably not a "lone rider," to use your expression. I have already pointed out that the Albanians firmly declared themselves in favor of peace and the prosperity of their country, the Republic of Macedonia. Unlike some others, they wish, at all costs, for Macedonia to be a modern, democratic, European state of total equality among citizens and ethnic groups. Let me stress that the problem is not with us. It is on the other side, in terms of any destructive division and an extremely unpromising orientation of ethnic forces within the Macedonian bloc. Perhaps we may be wrong by always voicing our thoughts although knowing that things cannot change overnight. We are in a hurry and we are still quite sensitive and, in general, we are a Balkan people.

[Dzambazoski] The situation in the western part of the Republic is not good from the viewpoint of cooperation between Albanian and Macedonian parties. I am referring to the situation in the Gostivar Assembly and, above all, the situation in the Tetovo Assembly the functioning of which remains practically blocked. The township party leaders belonging to the Macedonian bloc are accusing the PDP of doing everything possible to promote "Ilyrida" in that area.

[Aliu] The only objective of the PDP is Macedonia— independent, sovereign, progressive, open to the world: a Macedonia of successful and satisfied citizens, a Macedonia that will provide for everyone good opportunities for life and meeting obligations. Therefore, not any Macedonia whatsoever, and least of all the type of Macedonia that is demanded by some destructive forces in the country, who want it to go back to the 19th century.

By this I mean that we have taken specific steps but the outcome does not depend on such steps alone. The other side should cooperate to a much greater extent. In the western part of our state, when the results of the first

multiparty elections became known, the PDP passed its democracy test. Those who barely succeeded in the election were awarded much more by the PDP. This was not done by any other political entity in the Republic. Still, for quite some time it was the PDP alone that was being criticized. This is quite indicative, and the Albanians are greatly revolted by this and even feel injured.

[Dzambazoski] How can we reach a condition of harmony and reciprocal tolerance and understanding?

[Aliu] In order to reach such a status, in my view, there is only one way: There must be a multiethnic and multireligious Macedonia with a variety of cultures, for everyone in it. Therefore, this must be acknowledged and understood intrinsically. Such an acknowledgment does not mean the defeat of anyone or anyone's victory. All of us in Macedonia could become losers and defeatists. Naturally, anyone who conceives of Macedonia only as being his own "backyard" in which someone else should be "permitted" to "play" does not aspire to a successful future for that country.

[Dzambazoski] Put yourself in the role of a television camera observing the sessions of the Macedonian parliament....

[Aliu] I am truly sorry for some viewers who are exposed to such a torture and for the fact that television time that could be used for more intelligent programs is wasted on this kind of "entertainment." However, I also know that there are people who can hardly wait for this "entertainment." Inasmuch as such television broadcasts could be useful, I see this as a possibility for the voters to realize their eventual errors and, in the next elections, to think a little bit longer about who to vote for.

[Dzambazoski] Do I dare to ask you to make a forecast (you must have considered this at one point): Who will sit in parliament after the next elections?

[Aliu] If the voters vote in favor of democracy and for a Macedonia of equal citizens, the answer is easy, but...! I cannot understand why we still feel the need to discuss the issue of a more just and more democratic electoral law, a more realistic law governing electoral districts, a more modern law governing political parties, and so on. It is our duty to yield our seats to those who are wiser than we are. That is how I would like it to be. However, no one knows what will happen at the next elections....

\* ADS-LP Leader on UN, Other Albanian Parties  
93BA1049B Skopje NOVA MAKEDONIJA in  
Macedonian 16 May 93 p 2

[Interview with Dzemal Idrizi, chairman of the ADS-LP (Albanian Democratic Union-Liberal Party), by Panta Dzambazoski; place and date not given: "Macedonia Is Pursuing a Peace-Loving Communicative Policy"]

[Text] *Our country must be depicted in terms of its multiethnic and multicultural life. It is in our interest for*

*the composition of all delegations to include Albanians, and I do not know why the fact that Estref Aliu was a member of the state delegation to the United Nations has been questioned.*

Dzemal Idrizi is chairman of the Albanian Democratic Union-Liberal Party, a party whose program and past actions indicate a civil orientation. The ADS-LP supports a sovereign and independent Republic of Macedonia of equal citizens. As Idrizi himself says, however, there is constant repetition that greater attention should be paid to the education of the Albanians, particularly in terms of their attendance of secondary schools. This is not one of the reasons for protecting the interests of a single ethnic group. It is a question, according to Idrizi, of the fact that our state should be a state of educated people. Only as such could it become part of Europe, for the current situation, he says, when no more than 23 percent of the Albanian students attend secondary school, could boomerang on the state. Improving the educational standard of all ethnic groups, including the Macedonians, is a step toward rapprochement and the building of a community that, although with a mixed ethnic structure, will have a good future, according to Idrizi.

In terms of the current issues, such as the acceptance of the Republic of Macedonia by the United Nations, greater international recognition, and foreign policy, Dzemal Idrizi, chairman of the ADS-LP, believes the following:

"Macedonian foreign policy, as the policy of the state, includes the essential elements of a peace-loving and communicative policy that meets the standards of contemporary diplomatic communications. It has its own defense concept and a projection concerning actual relations with Macedonia's neighbors. It has a perception about the global situation and a strong and satisfactory policy leaning toward cooperation and understanding among nations and countries. Briefly, a contemporary policy is pursued. It is a fact, however, that this does not reflect the entire social life in the Republic. I believe that in the absence of a pluralistic multiethnic and multicultural reflection of our diplomatic involvements, the threat exists of creating a distorted image abroad. In the future, this may be used by the world against Macedonia."

[Dzambazoski] Your party was among the first to state that the most important step for us would be membership in the United Nations.

[Idrizi] Yes. From the very beginning, we have promoted the concept of a sovereign Republic of Macedonia, of a country of equal civil rights for all and, therefore, of ethnic equality: Every nation must be respected and no one should deny ethnic features or be irritated by them. Everyone must participate, naturally according to his capabilities, in building and governing the state. Whether recognized or not, the Republic of Macedonia will have no future unless it develops as a civilian

society. As such, it will become entirely acceptable to its neighbors, to the former Yugoslav republics, and to others. Through dialogue, tolerance, trust, and economic and trade relations, we could surmount the quarrel with Greece. However, we must not surrender our vital interests. As to the name, we said a long time ago that let it have one name for external use but for internal use we must not abandon our constitutional name. With a wise policy according to which the various population groups will be incorporated on all levels, Macedonia can remain outside the war. We have lived together for centuries and we could live the same way or even better in the future.

[Dzambazoski] Do you believe that Macedonia's UN membership is in the interests of the Albanians as well? It appears that the PDP has a variety of views concerning this issue and even questions whether the participation of Estref Aliu, the PDP representative, in the state delegation that attended the ceremony in New York, was in the interest of the Albanians. The group of representatives had previously resolved that its representative would not attend.

[Idrizi] It is in our interest, whenever possible, for any delegation representing the state abroad, to include an Albanian. Are Albanians not found in the government and in parliament? This is our reality and that is how we must appear. It is natural that it is in our interest as well for Macedonia to be an equal member of the United Nations. Unquestionably, internal problems and misunderstandings will exist. However, it would be better for us to resolve them among ourselves rather than expect or hope that someone else will.

Kiro Gligorov and the government acted properly by inviting Assemblyman Estref Aliu as member of the state delegation. And it was a good step for Aliu to accept. I do not know why Albanians would question this. Furthermore, in New York both Gligorov and Aliu met with noted Albanian compatriots living in the United States. Their delegation congratulated Gligorov on the acceptance of the Republic of Macedonia by the United Nations and was informed by our president on conditions in the homeland. These are noted and influential people with capital at their disposal.

To answer your question, the fact that some people may have different views proves a lack of knowledge about the statehood of the Republic of Macedonia. We must make efforts to eliminate such views, and such knowledge must be provided by the government in the future as well. As to the view of the PDP assembly members, I believe that problems exist in their ranks as well, and that it also is a question of individual subjectivism....

[Dzambazoski] Subsequently, Muhamed Halili, the coordinator of the PDP group of representatives, was a member of the delegation of the Republic of Albania at the meeting of the CSCE in Prague.

[Idrizi] Let us go back to the previous question. Perhaps Halili would not have adopted the view he now holds in terms of the trip taken by Estref Aliu, had he been

invited to be a member of the delegation that went to the United Nations. What I am trying to say is that Halili contradicts himself. He wanted to be a member of the delegation to the CSCE but since he got no answer, he went as a guest of the Albanian delegation. Actually, we should be aware of what we are asking. We must act correctly and we must understand reality, the fact that we are a country with a mixed ethnic structure. If we realize this and if a delegation were to go abroad tomorrow, with all members belonging to a single ethnic group, no one would see anything suspicious in it. Our party believes that the Republic of Macedonia should become a member of all international institutions. If we develop an accurate idea of our reality from within, then no one would dare say, now let us hit at the Albanians. This includes those who now believe that nonrecognition would meet the demands of the Albanians better. A stable Macedonia is in the interests of everyone: Let us first concentrate on and resolve all our problems. It is likely that we shall be able to do so, for the democratic forces among the Macedonians, with whom issues can be resolved, are in a state of upsurge as compared to the nationalistic forces.

[Dzambazoski] How is your party organized abroad and what do you expect from the new elections?

[Idrizi] This issue was a specific topic discussed by our party. The ADS-LP has no branches abroad. We believe that nothing very useful would be achieved by a party organization abroad, not to mention the fact that the various countries are not favorably disposed toward political orientations by foreigners. We need clubs at home, such as exist in Slovenia and Croatia and have already gained an institutional status, and are consulted on some issues by their governments. A party organization creates problems and conflicts in the struggle for power. We have addressed a letter to all party branches to convert into clubs, fully open to anyone, and to encourage contact between Macedonia and the institutions of the countries in which they function.

Otherwise, we are not in favor of premature elections, for they create a state of nervousness. We favor regular elections although in some areas we have already named our candidates. Our steady policy is one in which the constituent is first a citizen and then a member of an ethnic group, of a religious group, and so on. The people are beginning to understand this as we can see in civic meetings that we have started to organize and that, as was the case in Tetovo and Gostivar, were attended by 500 to 600 people. In any case, this will emphasize the quality of the people we nominate as well as of the parties.

#### \* Foreign Mediation, Domestic Role of Albanian Parties

93BA1048A Skopje VECER in Macedonian  
15-16 May 93 p 8

[Article by Branko Geroski: "Losing Stance and Political Bosa (a fermented millet drink)"]

[Text] *What is concealed behind some immoderate and nervous moves on the part of the Albanian political bloc?*

Once again, some recent radical moves by the so-called extremist wing of the Albanian political bloc make observers of the issue face the (old) dilemma: Is this a demonstration of a qualitatively new and, consequently, extremist, political option and action, or a case of a few thoughtless moves as a consequence of some kind of new premonition and neurosis within the ranks of the PDP [Party for Democratic Prosperity]?

It is a question of a series of moves (which is symptomatic) whose main but not exclusive author is the coordinator of the PDP group of representatives in the Macedonian Assembly, Muhamed Halili. The first step was the announcement of the changed and, for the time being, postponed withdrawal of the Albanian ministers from the Branko Crvenkovski cabinet.

This was followed by two events related to Halili's commitments. Immediately after the last tripartite discussions, (government-Albanian-Ahrens) unofficially the news was spread that in a separate letter (addressed) to the German government, representative Halili had expressed a very strong reservation concerning the mediation of Mr. Gerd Ahrens, and the discussions in general. The second was Halili's attendance of the CSCE as a member of the Albanian delegation, and his clear and unequivocal statement that Macedonia should not become a member of the CSCE. Such steps, naturally, triggered surprise and indignation in local political circles. However, this did not contribute to settling the issue.

#### Neurosis and Forebodings

In any case, the prognosis of a definitive turnaround in the action of the Albanian politicians in terms of its radicalization is mostly considered shortsighted. Quite a number of elements seem to support this projection. Not so long ago, the NDP [National Democratic Party], for example, was promoting its "Draft Platform for National Equality in Macedonia" that included a new strategic initiative for eliminating the unifying concept of a "multinational" Macedonia and called for federalizing it. One of the more important demands formulated in that platform was the creation of legal and constitutional possibilities for establishing joint township communities in the areas of economics, tax policy, security, defense, etc. It was openly said at the press conference where this platform was promoted that it was a question of "regionalizing" and "cantonizing" of Macedonia "peacefully." Naturally, this idea is neither new nor very substantive. However, we must not ignore the echo which the initiative of the "more extreme" NDP faction triggered among the PDP. Naturally, the withdrawal of the Albanian ministers from the government cannot be interpreted exclusively as a whim at the time when this option was made public.

Still, the predominant idea is that this series of steps essentially conceals a kind of new neurosis and premonition. How is this phenomenon to be interpreted? Where should its roots be sought? Naturally, how could one project the resolution of this minor yet significant sequence of events?

To begin with, the arguments between the "softer" and "harder" political option within the PDP Assembly faction can no longer be concealed and of late have become clearly personalized. Thus, the ordinarily "moderate" Estref Aliu, the former coordinator of the PDP Assemblymen, was recently the subject of sharp criticism by a certain segment of the public because of his participation in the Macedonian state delegation to the session of the UN General Assembly in New York (on the occasion of Macedonia's acceptance as member of the United Nations). Muhamed Halili clearly stated that "the departure of Mr. Estref Aliu to New York is his own doing." On the other hand, we were informed that both Abdurahman Haliti and the representative of the NDP at the Geneva meeting distanced themselves from the Halili letter, which expresses reservations concerning Mr. Ahrens (which came as an unpleasant surprise to this European diplomat).

#### Key Question

However, such shouts are not the key topic in the argument within the Albanian political leadership in Macedonia. The key question is the following: participation or nonparticipation of the coalition partners in the government. It is obvious that the realists within the PDP were aware of the fact that withdrawal from that government would not only mean its definitive collapse (which, in itself, does not bother the PDP people excessively), but could also mean the definitive loss of the opportunity to participate in any other government that would be eventually formed. Such a radical step would discourage their current partners in making new arrangements, for it must be recognized that even the present arrangement is considered quite costly by their (Macedonian) electorate. Regardless of the further PDP domestic and foreign activities, converting that party into a parliamentary opposition would unquestionably mean a grave defeat. This fact has no extenuating circumstances.

Obviously, the main problem of the PDP is that at a time when all parties are making use of even their slightest success they could include in their electoral campaign balance, it was simply unwilling to promote its participation in the executive branch as a success. Objectively, such was the case. The pose of perennial losers even when, according to any yardstick, the party has properly shared in the real power in the state, now appears counterproductive. The time for elections is nearing, while the electoral campaign credits of that party remain nonexistent, perhaps both due to its own fault and the fault of someone else. It is indeed an unpleasant situation.

#### Thirsty in Geneva

The second reason for the extreme sensitivity within PDP ranks is the development and results of the Geneva talks. The only thing that went wrong was the unfortunate event involving Mr. Ahrens. We have unofficially found out that the European diplomat sent a clear signal to the Albanian political bloc to the effect that its retreating from the government would be adversely interpreted and would entail a risk the consequence of which would be felt by it. Furthermore, the main question, amending the Constitution by deleting objectionable "ethnic" elements in favor of having "clear civil" definitions, was apparently removed from the agenda, above all due to the fact that the Albanian political bloc had been unable to abandon its own ambition of having a "biethnic" definition concerning the subjects of statehood.

The PDP coalition partners will most likely try to blend the demand for a special status (autonomy) with the draft law on local self-government that may allow the establishment of intertown communities whose prerogatives, however, will not exceed those of the township. Then the Albanians will try to convince the same Mr. Ahrens that this decision does not meet their ambitions to create cantons "peacefully." Finally, we have learned that the government has already agreed to include in the draft law on state rule a formula for the "adequate representation" of ethnic groups. Naturally, we do not know whether such draft laws, which must pass through the parliamentary filter with a two-thirds majority, will ever see the light of day at all. This, however, is a different matter. What remains is the impression that the government had both the strategic and tactical initiatives at the tripartite talks in Geneva. Hence the dissatisfaction of the Albanian side.

#### The Balkan Factor

Within the context of these two reasons we could seek a third, which may even turn out to be the most important one. The publicly stated distancing of the Belgrade regime from the militant leadership of the Serbs in Bosnia and Herzegovina, and the likely adoption of the Vance-Owen plan (which went to print before the results of the vote in the Serbian Assembly in Belgrade were known) will clearly improve Serbia's international position. Justifiably, the analysts are asking how the international community will compensate for the clear concessions made to the Milosevic regime? If it could be considered as exaggerated to predict a strategic influence of the Belgrade-Athens axis involving Macedonia as a compensation prize, it is a known fact that Belgrade would gain, in return for the unquestionable services rendered by Milosevic, although temporarily, a "freezing" of the Kosovo problem. Naturally, this will not be exclusively because of this constellation of forces. The international mediators are tired of the constant compromising of their peace efforts, for which reason they would not risk the spreading of the conflict to the

neuralgic point of Kosovo, a conflict which, subsequently, they would certainly be unable to localize, not to mention to resolve. This would be precisely a repetition of the Bosnia-Hercegovina case.

On the other hand, whether conditionally or not, and despite the entire confusion of Albania's current foreign policy, our western neighbor recognized the Republic of Macedonia and the option of not taking any steps that could provoke an anti-Albanian and anti-Islamic front within Macedonia perhaps could be considered as a constant of that policy. All of this indicates that the Albanian problem in the Balkans, at least as far as eventual creation of new states or statelike formations in Kosovo or in Macedonia is concerned, seems to have been resolved. This was to the detriment of those who were promoting the idea of "all Albanians within the same state." Probably in the future as well there will be question of individual and collective rights of Albanians in what was formerly Yugoslavia and, in this respect, it is possible that new concessions will be demanded and perhaps granted. Macedonia, however, as we know, will not find itself in the front line of this pressure of international factors. This is a trend which the "extremists" in the Albanian political lobby will find hard to accept.

Finally, by summing it all up, it becomes clear that the commitment to complete the initiated "game" in which the Albanian political bloc entered on its own free will is no longer a question of reason and wisdom (for which we have so frequently and sickeningly appealed to the Albanian politicians, although we ourselves have been just as frequently unreasonable and unwise), but a question of the choice between two evils: to participate in the government and make it absolutely clear that there will be no implementation of all and, especially, of their extreme ambitions (the federalizing of Macedonia) or pull out of the game at the risk of a confrontation but without the consent of the international factors and under circumstances of a relatively resolved Albanian issue in the Balkans.

Neither variant could yield any particular political profit unless it is the preservation of the fragile peace in the area of interethnic relations, while the minimal chances for a dialogue currently marked by tolerance may vanish. It would be strange were it otherwise, unless we have entirely lost the feeling of danger caused by internal division and collapse.

**\* PDP Parliamentary Leader Halili on Coalition**  
*93BA1048B Skopje VECER in Macedonian 15-16 May 93 p 9*

[Interview with Muhamed Halili, coordinator of the PDP (Party for Democratic Prosperity) group of representatives, by Branko Geroski; place and date not given: "Everybody Is Having Fun!"]

[Text] Muhamed Halili agreed to an interview, providing that the full text would be published. In addition

to all the reservations, there is another professional reason for such unprofessional behavior and for having a discussion under certain conditions: The public does have the right to know what Mr. Halili is thinking and to judge his statement although the journalist has had the opportunity for a "live" discussion curtailed.

[Geroski] Mr. Halili, you recently described the official aspect of your presence at the latest CSCE meeting as a member of the Albanian delegation. The essential point of your public statement is that Macedonia must not become a member of the CSCE. Is this the official party view of the PDP or is it your own?

[Halili] As far as that issue is concerned, I believe that the biggest mistake of all those who have asked me about it so far is their impression that I did this on my own. Do you think that our party lacks seriousness to the extent that anyone could change the party views concerning various issues of our life? What puzzles me is why you and other journalists are questioning the fact that such an action would be an arbitrary act by a coordinator of a group of representatives. If you have heard the opposite statements made by officials, I would have to provide you with a more detailed explanation.

#### Support After Prague

After my return from Prague, there was an expanded meeting of the party's leadership, the group of representatives, and the ministers participating in the government of the Republic of Macedonia. My presentation was supported 99 percent. One of those present said that this may be considered a "two-faced policy." If you have heard from some narrow circles any condemnation of this action, this would not surprise me. It is entirely normal for the representatives of the ideology of the former SKM [League of Communists in Macedonia] to make different statements, for the very reason that for decades they worked like robots forced to repeat the same statements to the rest of the world: "The Albanians are absolutely equal to the others," and that the political struggle of the Albanians in Macedonia is the work of "Albanian nationalism and irredentism." Such services were rewarded by the state of Macedonia or the Yugoslav federation with sweet prizes: jobs for life. I was able to avoid the policy of the SKM and not be elected as pedagogical adviser, for ideological reasons. I have no moral links making me a slave of that ideology. I serve the interests of my people, which are identical to those of the Macedonians and are not against anyone. In general, I am not convinced that the Macedonians would not wish equality with the Albanians and the others although official policy has always promoted this idea.

#### Conflicting Discussions

[Geroski] Observers of your presence as a member of the Albanian delegation and the view that Macedonia should not become a member of the CSCE interpret this as yet another attempt at internationalizing the Albanian issue in Macedonia. Why is there yet another attempt?

Were the tripartite talks or discussions (however they may be interpreted), the last meeting of which was held in Geneva, not satisfactory? Are you not satisfied with the development and the results of those discussions?

[Halili] Why is this considered as another attempt? The Albanian issue has already become internationalized. I am convinced that now the file containing many other efforts is being opened and that this one will not be the last. Still, I believe that it is a good thing for you to mention the tripartite talks or discussions. I am committed to two-party discussions or talks between Macedonians and Albanians and not between the government, on the one hand, and the PDP and NDP [National Democratic Party] on the other. What would happen, let us say, if a representative of the government is an Albanian minister, while a representative of the PDP is a fellow-party member of his? If these two people agree in everything would the government sign such an agreement? That is why I believe (I have always believed) that such discussions are useless and should not be held. You may have noticed that recently the VMRO-DPMNE [Internal Macedonian Revolutionary Organization-Democratic Party for Macedonian National Unity] turned to the right in the course of these discussions but, instructed by its brothers from the SDSM [Social Democratic Alliance of Macedonia], kept quiet. They must have been told (this is my assumption): Keep quiet, you were not aware that we were playing a joke on the PDP and the NDP! After such events, personally I am not sure as to whether the government played a joke on the PDP and NDP or, conversely, the PDP and NDP are playing a joke on the government. Or else Mr. Ahrens may have played a joke on both.

#### Double Coalition

[Geroski] If we understood it accurately, recently one could hear PDP representatives say that your party was not pleased with the coalition partnership with the SDSM and the RSM-LP [Reformist forces of Macedonia-Liberal Party], that you are being used as a decoration, that the coalition has no platform, and so on. This is the origin of the problems and the lack of resolution of problems that you create at a pace you deem suitable. For example, this was revealed in the argument about the design of the new Macedonian currency, in which the PDP took a stand opposite to that of the government, while the minister of finance in that same government is a member of your party. What is the position of the PDP in that government and how do you intend to resolve such contradictions?

[Halili] It is obvious that it would not pay for the SDSM and the liberals to form a coalition with the PDP. They have benefited from one of our weaknesses, and now the government is functioning as a government of experts, although they are saying that it is a party-based government. Those who had agreed to cooperate with us knew what our demands were. No platform was drafted, for the coalition is a compilation of different interests. They are pursuing their own interests: in issues pertaining to

the economic area we are being threatened by the nationalism of the VMRO-DPMNE; whereas in the case of ethnic demands, the VMRO-DPMNE is threatened with "Albanian irredentism." This is a double coalition!

The argument concerning the design of the new Macedonian bank notes is an old one. It is no accident that an entire article in the Macedonian Constitution deals with the MPC [Macedonian Orthodox Church]. Now we can prove that that church has had old objectives dating from way back. On the other hand, we did not oppose the MPC. In general, we opposed religious motifs, for we are a lay state. If had such aims, he would have to know that the same aims exist on the other side. Apparently, however, in this case the biggest obstruction was that of the minaret. It was judged too tall and could not fit the size of the bank notes! What irony.

#### Partnership Differences

[Geroski] Are there differences within the PDP in the views of whether and under what circumstances it should participate in the executive branch, whether and to what extent is it necessary to weaken Macedonia's international position, and whether and to what extent should the demands of the PDP be radicalized and the arguments become more violent? What is your personal view on such issues?

[Halili] It is obvious that there are differences in the views as to whether and under what circumstances we should participate in the executive branch. That is why we have pluralism. The people may think differently but constructively and make decisions. But where do you get the premise that there is someone who would like to weaken Macedonia's international position? Where do you get the idea that it is precisely I who would like to weaken this position? If you are hinting at my presence in Prague, then you are wrong: I was only one of the 23 members of the delegation. On the other hand, the first suggestion of putting the question of the coalition on the agenda came from Mr. Aliti. We are seriously concerned about him and his statements. We have realized this situation and today most of the members in the parliamentary group are considering this problem most seriously and concernedly.

However, we must also acknowledge that there are those who have assumed a defensive position: If the ministers withdraw so should the representatives! This cannot be accepted for the following reason: the position of the representatives in parliament is quite different from participation in a coalition government. As a representative, so far I have "seen off" three governments. This is done throughout the world. In a parliamentary democracy, forming a coalition is a way of agreeing on the pursuit of joint interests. We must analyze the interests which have been achieved over the past eight months. If we see no implementation, why should we continue to act as someone's decoration?

In addition to all this, participation in a coalition government does not depend on my views exclusively,

however much they may oppose the present government. It is realistic to expect that the views of the majority be taken fully into consideration.

I do not see any reason for the situation to become radicalized as a result of an eventual fall of the government. If you view as the radicalization of relations the fact that the demands of the Albanians must be met, what would the nonrealization of these demands mean? Have wars broken out because people were satisfied with their status or were dissatisfied with it? Would the international situation of Macedonia strengthen or weaken if within the Republic there was discrimination based on ethnic grounds? Did you understand what happened to the Federal Republic of Yugoslavia within the CSCE? Yugoslavia was removed precisely because of its violation of ethnic and civil rights. Who is to guarantee that if the situation does not improve another country would not share the same fate?

#### **Condition, Use of Bunkers, Air Raid Shelters**

*93BA1140B Skopje VECER in Macedonian 2 Jun 93  
p 8*

[Article by B.D. Konstantinov: "Shelters With a Dual Purpose"]

*[Text] Instead of remaining empty and crumbling down, the state should stipulate that shelters, in addition to their basic function, are assigned an additional function and should be maintained in proper condition.*

*A large number of shelters in the Republic have already been converted into self-serving enterprises and production workshops, and even into mushroom farms.*

The military operations in former Yugoslavia and the danger of their spreading have increased the fear and, therefore, the interest in public, collective, and family shelters. Last week's conference on "Condition, Possibilities, Problems, and Further Development of the Defense System in the Republic of Macedonia," organized by the Ministry of Defense and the Ministry of Public Health, indicated the possibility of taking into consideration the condition of the shelters.

The Ministry of Defense insisted that all shelters in the Republic of Macedonia, in addition to their invaluable use in war (preservation of human life), now, in peace time, be used according to the funds invested in them. The ministry favors a new concept in the building of shelters—to be modern and have new features—for the concept of building shelters for war only has become obsolete, experts in the civil defense sector emphasize.

The use of shelters for the protection of civilians has proved to be the most efficient protection in war. After the liberation, more than 3,500 shelters were built in our Republic. Most of them were built on the basis of "lower standards." However, many are of high quality.

#### **Based on Global Experience**

At the start of the 1970's, the building of shelters was intensified. The fashionable "nuclear" shelters flourished. Townships boasted of the size of their "concrete bunkers," and shelters for more than 100 or even 1,000 people were considered a measure of defense standards.

By the mid-1980's, cumbersome shelters were planned and built. The concept of "atomic" shelters was abandoned in the then-Yugoslavia, first by the Croats and later by Macedonia. Serbia was the only one to retain it until the 1990's. Meanwhile, there has not been a nuclear war, although this is not to say that nuclear weapons may not be used. In the last several wars, starting with the Falklands, then following with the intervention of the joint forces in Iraq during the Gulf War, the military operations in Slovenia, and the war in Croatia and Bosnia-Herzegovina, essentially only conventional weapons have been used. In the latest military clashes in the former Yugoslavia no single shelter has been destroyed by shells, the ministry pointed out. Even in Vukovar, people found shelter and protection in structures built 250 years ago, when the use of aviation was inconceivable.

#### **Decision Regarding a Dual Function**

To this day, shelters are being built in the Republic of Macedonia, as part of investment building, with the requirement that the shelters meet modern standards. The ministry insists on reducing the cost of the shelters. However, building is one thing, while upkeep is a more complex matter. The Ministry of Defense believes that some of the shelters should be leased and others sold under special conditions, and that some of them should be used in peacetime as work and commercial areas, in self-servicing, or as stores. The initial steps to this effect have been taken. Thus, for example, Bitola has an underground self-service facility, and a shelter in Skopje houses a clothing workshop with 20 workers (the Una boutique); the Zivkova Karpa shelter in Kumanovo grows some 70 tons of mushrooms annually. A similar shelter may be found in Negotino.

The Ministry of Defense is prepared to allow the free use of some shelters providing that they are brought up to a usable condition and maintained properly. There has been progress made even in the case of shelters under public buildings, by making their access possible from the street (and not through the entrance of buildings). Private initiative and a different approach by the state are changing the attitude toward the shelters.

#### **Dangerous Conditions for Air Travelers Examined**

*93BA1122A Skopje NOVA MAKEDONIJA in  
Macedonian 4 Jun 93 pp 1-2*

[Article by B. Janev: "Chaos on the Ground and in the Skies"]

[Text] According to information provided by the Air Inspectorate for Transportation and Commercial Aviation, there has been an increased number of emergency situations in the takeoff and landing of airplanes and in passenger services: "close encounters" and damaged airplanes. A number of people are profiting from the incomplete organization of the Civilian Air Flight sector, violating the strict rules and regulations governing this type of transportation.

The chaos in the Republic's air transport system is continuing. More specifically, of late, it has increased. We have learned that despite the alarming reports published by the media in recent months, the lack of discipline, negligence, and an irresponsible attitude have increased to such an extent as most directly to threaten safety in that area. The type of incidents and emergency situations that have occurred would have triggered sharp and energetic interventions by the proper authorities anywhere in the world. Unfortunately, this has not taken place in our country, for which reason some employees in that sector fear that tremendous damages may be caused and that even human lives may be lost. Actually, what is it a question of?

#### Airplanes Are Landing While Tractors Are Close to the Strip!

Examples of undisciplined attitude and violations of the strict rules and regulations governing air transportation are steadily increasing and are quite indicative. Thus, for example, last Sunday evening, in maneuvering along the parking platform, as a result of pilots' inattention there was a "close encounter" between the airplanes of Metaaviotransport Makedonija and Vardar-Air, in the course of which an airplane belonging to the latter was slightly damaged. The jet engine of the former damaged some of the controls on the wings of the Vardar-Air airplane, due to the extraordinary crowding of the parking area that, after the reconstruction, instead of four, could accommodate nine airplanes (where in the general struggle for higher profits, and in violation of security measures, as many as 12 airplanes have been parked).

We have also learned of an incident in which the motor of an airplane belonging to Adria Airways was damaged. The reason remains unclear. According to initial and still partial information, the damage was caused by a solid object (a rock most likely) that penetrated inside the engine, for which reason the engine had to be replaced. But this is not all! There have been excesses indicating lack of coordination by the airport services (the case at the Skopje Airport) involving flight control, that greatly threaten flight safety. Thus, on 24 May, a Paler-Makedonija asked to take off again, although it was about to land, something very dangerous, because of a tractor moving in close vicinity of the landing strip, picking up the grass that had been mowed that same day. The air controllers asked the airport services immediately to remove the tractor (meanwhile, another tractor joined the first one). However, those services refused to

do so, claiming that the tractor drivers had allegedly received the army's approval to work next to the landing strip. The police had to intervene before the tractors could be removed (!?).

Another case is that of an airplane taking off from a wet strip, caused by the improper speed developed by the pilot, leading to another incident—while one airplane was on the strip and was rolling to the parking platform, another airplane was landing but then hastily requested to take off again. If we add these more recent cases to what took place last winter, when in the struggle for bigger profits and with the desire to handle the great number of passengers, domestic airline pilots seemed to engage in a race in taking off and landing in worse weather conditions—dense fog, icy strips, and airports technically closed for night landing—the situation becomes clearer and more frightening.

#### A Flight Authority Is Still Lacking!

As Kire Kaevski and Goran Pavlovski, air flight inspectors in charge of transportation and commercial aviation, who have provided us with these examples, stress that this entire chaos in air transportation is due to the fact that there is no air flight authority in the Republic. It is true, they say, that something has been done since the beginning of the year, when a sector for civil aviation began to be established under the sectorial ministry but its organization was not completed. There is a shortage of inspection personnel; there are no technical inspections of airfield and ground navigation instruments, fire prevention, fuel, arrival and departure of passengers, and other services. All such services should function jointly, as a single team, if this type of transportation is to operate with European or world standards. This is the reason for many incidents. Some airplanes have been grounded, and the safety of the air space has been greatly threatened. There is also chaos in the arrival and departure of passengers, especially the luggage, which gets mixed up among several flights, and is frequently lost or damaged.

This means the mistreatment of passengers, according to inspectors Kaevski and Pavlovski. Passengers are frequently faced with canceled flights (because of the small number of tickets sold). Sometimes several flights are scheduled within a short period of time, the sequence of takeoffs is not respected, and the people are pushed around. Prices are not marked on the tickets and there have been cases of forged tickets for all airlines. As to the airports, there is total lack of synchronization; the Ohrid Airport is virtually unusable as an alternate airport to Skopje, for it is open two to three hours before and after noon. In the case of overloading or overbooking in the latter, the airplanes have to land in Sofia where they must pay substantial amounts in foreign currency. The pilots of some crews violate landing procedures on the Skopje Airport and engage in risky maneuvers, according to the flight controllers. The reason is that most of them were hired together with Russian and Bulgarian airplanes and are either insufficiently familiar with them or

ignore the stipulated procedures and regulations of Western European airports. Consequently, the airport administrations in Western Europe have already sent proper notices to the sectorial ministry. Flying on an airplane with the name of Macedonia on it poorly enhances the reputation of our state.

As one of the most significant problems and shortcomings, Kaevski and Pavlovski indicate the lack of a system for mandatory information on the situation with air travel. Knowledge of the situations we cited is arrived at sometimes directly but, above all, indirectly and "circumstantially," although according to regulations any extraordinary case must be made public. This is especially the duty of the crew captains. A typical example in this case is the event of 25 May, when a Paler-Makedonija airplane flying from Skopje to Istanbul found itself in such a turbulence that two members of the crew, a steward and a stewardess, were injured. The event was kept secret. A number of such incidents have taken place. They can only confirm the concern for the state of air flights.

That is precisely why it has been stated that in the next 10 days the Air Flight Inspectorate will conduct an extensive investigation of the accuracy of the documentation and the operational permits of airline companies and of anything which affects flight safety, and about which the public will be informed. It is true that for the time being there is no authority to make decisions on the information that will eventually be obtained and that is now being submitted directly to the sectorial minister (who cannot make decisions concerning them or impose penalties); usually, such discussions are held with the managing personnel of the airports but with no results, for there is no commission on violations (this is like the state having a police but no courts) that would make decisions and impose penalties.

All of this, as well as the frequent reports submitted by flight controllers, proves that it is high time for the respective authorities to react to happenings in air transportation. This applies, above all, to the Ministry for Urban Development, Construction, Transportation, and Ecology, the Makedonija Public Enterprise for Airport Service and, in any case, the government. The complete organization of air transportation authorities, which is being unnecessarily delayed (the rumor is that various parties have repeatedly submitted their candidate), is the first obligation in order to complete the work and put everything in its proper place, as is being done throughout the rest of the world. This is urgent, for tomorrow it may already be too late, and then someone will be held responsible for such negligence.

### Montenegro

#### Scholar Discusses White-Collar Crime

93BA1091E Belgrade POLITIKA in Serbo-Croatian 22 May 93 p 9

[Article by D. Becirovic: "Prof. Risto Vukcevic on Current Situation: Plunder Under the Guise of Democracy"]

[Text] *An entire network has been created of people involved in speculative deals, accumulating wealth and arrogating property through various transactions, says the chairman of the Montenegrin Assembly and of the republic's Council for Development.*

Podgorica, 21 May—The Council for Development of the Republic of Montenegro has serious intentions and desires to deal with the future, but it is limited by our sad situation and hopelessness, the perplexing and uncertain times in which everything that is normal is abnormal, while the latter is valid and successful.

One of Montenegro's best known economists, Prof. Dr. Risto Vukcevic, the chairman of the Council and of the Montenegrin Assembly, describes our present-day situation like this:

"An entire network of new economic entities of unproductive character has been created, which are involved in speculation, the expanded reproduction of which is based on the nonmarket acquisition of wealth, on extremely diverse forms of plundering from the population through prices, failure to pay for obligations, and arrogation through the ostensible purchase of social property.

"The plunder is not on a small scale. It is a continual phenomenon and is taking place under the guise of 'democracy, the market, and privatization.' The banking system for privatizing capital has become a sort of monetary plundering. People like Dafina, Jezda, Micko have emerged.... But the manner of transformation is through generating documents, which are written by the very same people who wrote such documents for the self-management society, which grew out of Broz's uniform and the 1974 Constitution. This entire transformation is in fact a march of fortune hunters, who numb the brain," says Prof. Dr. Vukcevic.

Prof. Vukcevic notes that all this must be prevented and placed under a moratorium until regular times return. This should be seriously pursued by the Council for Development, "in contrast to politicized, petty political agencies, certain institutions, and certain faculties." Vukcevic also has a very interesting opinion about "golden mountains and valleys," meaning "the road to Europe," an ecological Montenegro, an oasis of riches, a duty-free zone, a tax paradise....

This "road to Europe" must also consider the other side, must look at and reject the inhuman side of Europe, must stimulate and encourage the market under conditions where that is possible, but such encouragement today has become an unprecedented plunder.

"Ecological paradise, tax paradise, a duty-free country—we like something like this because that indicates inactivity, but we must turn toward work and factories, which, because they are not working and for as long as they are not working, are not worth anything, so that

they in turn are being bought for a trifle for foreign money, through prime issue and other means by those who are becoming virtuosos in the current general, irregular situation," says Prof. Dr. Vukcevic.

He cited an interesting example as an illustration. Dr. Vukcevic says that all so-called social property in the FRY is worth around \$300 billion. All the capital that the population can scrape together would be valued at a little less than a billion dollars. As things stand right now, those who are on this plundering scene think that they can buy all the social property worth 300 billion with that billion. In fact, right now a process of primary accumulation of capital is under way in our country that is transpiring violently and impudently and is promoting inactivity.

Convinced that it is high time to establish some kind of order, Prof. Vukcevic says that the Council for Development as well as the parliament will shortly place this key and vital question on the agenda.

However, Prof. Vukcevic expresses the fear that the entire matter is not being approached in its essence, because unfortunately the essence of the policy of individual parties is whether to greet someone with two or three fingers, whether the five-pointed star has been abolished, whether a monument has been done away with, and where some symbol is. This instead of looking at our essential situation and dispelling the fog and bad nightmare from our reality, the chairman of the Montenegrin Assembly said in conclusion.

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